In Yellowest Jaunia

And the Way Out

or

"Sound Money" *versus* Self Money

By

A Layman

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TO ALL ADMIRERS OF

ANDREW LANG

AND TO

ALL HONEST STUDENTS OF FINANCIAL FOLKLORE

THIS MODEST PAMPHLET IS

FRATERNALLY DEDICATED.

In Yellowest Jaunia.

WHAT IS MONEY?—THE POPULAR IDEA AND THE OLIGARCHICAL IDEA.

THE unreflecting popular mind usually conceives money to consist of broad, rectangular pieces of silk-shot paper, handsomely engraved on both sides in variously colored inks, and of flat, round pieces of yellow white and brown metal stamped with certain emblems, letters, and figures on both sides, the use of which objects in mercantile exchanges, between employer and laborer, and from borrower to lender, is sanctioned and enforced by law. Elementary as this conception of money may be, and little as it fully covers the case, the popular answer to our question, What is Money? comes a great deal nearer the truth in its rough way than the subtler doctrines of many latter-day theorists do. Very few, even among the best-informed persons and writers on public economy, have yet learned to distinguish between mere numerary currency, token money, and self money, or between

the nature of a self money with its value determined by its metallic substance and that of a metallic substance from which automatic convertibility into legal-tender coin is withheld. And few, even among those who have learned to draw these fundamental distinctions where they are plainly drawn in fact, perceive how insensibly the qualities constituting each of these forms of money are apt to overlap and become confused. Nevertheless, these fundamental distinctions of monetary science are grasped a hundredfold more readily by American audiences and American readers to-day than they would have been a few short years ago. The ordinary citizen has begun to apprehend the full truth of the economist's once discredited admonition, *res tua agitur.** The march of events and his own experience, coupled with the progress of discussion, are doing for him what the legendary Greek sculptor Dædalus is said to have done to his wooden semblances of men. His predecessors in the carver's art had left the eyes of their images closed, their arms pinioned to their sides, their feet locked together. The gifted Dædalus opened their eyes, unfettered their feet, gave action to their hands.

In this state of new-found intelligence and

* This is your business.

freedom, as compared with his former lethargy and immobility, the plain man often becomes the easy prey of the demagogues who are always numerously present in every political camp, and more particularly on the winning side after every battle of political opinion. It is at such moments, also, that the latent Toryism of the so-called upper classes becomes rampant and openly applauds the reactionary exaltation of contented ignorance as a condition richer in promise for the welfare and safety of the community than the over-intelligent activity of progressist agitators. To such a degree of class and partisan arrogance is its own distrust of popular awakenings apt to betray the throne, and upon occasion even a *soi-disant* Democratic chief of state.* There is a tradition to the effect that a Papal Minister of Education in an official report declared it to be one of the missions of his executive department to keep the vulgar in ignorance. How true this story is I do not know. But an official representative of the national government which dispossessed the patriarchal Pius IX. once made use to the writer himself of the startling axiom: "It is always better for this low-down folk to know nothing whatever."

* Allusion to the contemptible argument with which President Cleveland attempted to justify his veto of the Educated Immigrant bill in the last act and official utterance of his unfortunate Administration.

The people of the United States can hardly be expected to remove the annoyances of publicity and of popular discussion of the best and simplest ways and means to secure any public good and to prevent great public evils from the paths of those aspirants to power, and wielders of power and influence, who would perhaps prefer the secretive and exclusive methods which are openly affected under monarchical and oligarchical governments. It may even be advanced that a democratic republic will do well to forego those advantages and delicacies of institutional mechanism which are of a nature too subtle and elusive to be understanded of the people.

PROPOSED RETURN TO FACE VALUE BIMETALLIC COINAGE BY COMPROMISE PLANKS—DIFFERENTIAL SEIGNIORAGE.

The late Francis G. Walker and other bimetallists advocated an ingenious plan for effecting a cautious national or international return from the present single gold standard system—which is but very incorrectly so called as long as it comports irredeemable and unredeemed silver and paper money of compulsory legal tender—to the more scientific free bimetallic coinage system of our grandfathers, as it was first enacted into an

American coinage law under President Jefferson and amended to the present formula of bimetallic equivalence under Andrew Jackson. The leading feature of this plan is the transitional adoption of a differential seigniorage on the conversion of silver bullion into dollars for private account. Such a tax could be gradually reduced from 100 per cent. to nothing, thus bringing the influence of the United States demand to bear upon and effectually bear the relative market value of gold bullion in silver bullion, and of sterling exchange in Mexican dollars. Whereas, the whole power of the United States Treasury has been and is now exerted to bull this troublesome and sensitive market ratio, instead, what with its enforced observance of the letter of our monometallistic coinage laws on the one hand and its cheerful nullification of the intent of our lately superseded redemption laws on the other. The incidental object and only logical basis of this curious and intricate, but otherwise altogether legitimate, and to most thoughtful bimetallists entirely acceptable, proposition was to reassure the interested and disinterested defenders of capitalistic interests, and the timider sort of financial reformers generally, against their favorite bogey of a universal collapse of credit.* Their prophets predicted this finan-

* The subjoined extract from the San Francisco *Chronicle's* editorial article, "Bryan the Populist," on

cial cataclysm with the longest of faces, if the immediate restoration of the country to its old face value coinage basis were ventured, together with a more loyal exercise of the Treasury's discretion to redeem coin obligations in gold or silver coin indifferently. For this is what the pecuniary in-

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May 12, 1900, may serve to illustrate the Republican press' persistent reliance on the availability of "fifty-cent dollars" for election scare purposes: "Consider the first demand—namely, that the entire monetary system under which the country is so prosperous shall be ripped up, and that silver shall be coined for all comers in unlimited amounts at a ratio of 16 to 1. Under the existing circumstances such a course would precipitate a financial cataclysm, shut up every factory in the land, cut down by one-half the value of all life insurance, ruin the savings banks, except in so far as they are protected by gold contracts, and cause every farm mortgage to be called in. It does not seem inviting, but that is what Mr. Bryan's Populist platform calls for. As for a long time there will be no manufacturing in the United States under the policy proposed, our people are to be provided with such foreign manufactures as they can get money to pay for, by repealing the duties on 'all goods controlled by trusts,' which virtually means free trade, and we can trust the Democratic tail-piece to complete the work by plainly saying so." It will be noticed that in the alarmist view of this usually rather lukewarm Republican paper the new free coinage silver dollars will be harder to get than dollars are now. But this is on an intellectual par with the argument that free silver coinage will contract the circulation by extruding gold money without replacing it, another favorite piece of gold standard advocate foolishness. In Greece every rise of sterling exchange foments native manufactures at the expense of foreign, and exportation at the expense of imports. Such, at least, is the testimony of an unbiased United States consul at Athens to the writer.

terest and convenience of the debtor nation, rather than the irrelevant preference of its creditors, would dictate, under the natural interpretation of the contract as engraved on the surface of United States notes and bonds and of authority vested in the Secretary of the Treasury to effect these payments in gold or silver coin "at his discretion."

A CHANGE OF RATIO.

The late Senator Bland, as the sometime foremost leader in American politics of the cause of bimetallic free coinage, himself voted in the Senate for the readmission of silver to free and automatic convertibility into dollars at the stiffened ratio of 22 to 1 with gold. This is now the practical bimonetary ratio of the Indian Empire under the new order in council of September, 1899, which assigns a debased rating of 16 pence sterling to the British Indian rupee. The proposed ratio of 22 to 1 would have involved either a cutting down of the weight of our United States gold coins like that which we resorted to in 1834, when the gold dollar was docked one-sixteenth of its previous weight, or else it would involve an unwieldy "cartwheel dollar."

The adoption of a 20 to 1 ratio of American bimonetary equivalence would presumably imply a reduction of the mintage weight of our double

eagle from 516 grains to 412½ grains—*i. e.*, to the present weight of our standard silver dollar; and the temptation to rationalize the coinage of the Union still more effectually by cutting both dollar and double eagle to the round granular weight of 400 grains Troy, or even further to the round metric weight of the present Latin Union and Spanish dollar, which is 25 grams, would become a difficult one to resist after once entering upon the slippery slope of monetary debasement. No nation has ever altered its bimetallic ratio except to diminish the fine content either of its gold or of its silver coin. Russia, Japan, and British India are modern instances. And in the case of the United States the obvious unwieldiness of an enhanced silver unit, if the enhancement is to be effected by an actual change of its mintage weight, and not merely by General Walker's method, effectually debars us from altering our traditional formula of conventional bimetallic equivalence—under which the Government relentlessly compels every American and foreign creditor to recognize the equality of one ounce avoirdupois of its gold money to one pound avoirdupois of its silver coin—except, indeed, by the altogether unnecessary degradation of our gold money, after the discreditable example which has been so recently set us by those three financially embarrassed Oriental empires.

A METHOD OF ACHIEVING THE CONVENIENCE OF ROUND COIN WEIGHTS.

It would rob monetary discussions of half their arithmetical terror if the United States Mint made use of a granular unit heavier by one thirty-second—*i. e.,* $3\frac{1}{8}$ per cent. heavier—than our present Troy grain. This would enable us to label our present silver dollar, which is the unaltered counterpart in respect of fine weight of our eighteenth-century and earlier nineteenth-century Spanish dollar (and consequently the only historically basal unit of our national currency, all specious amendments of our coinage legislation to the contrary notwithstanding), "400 heavy grains 0.900 fine." A United States gold eagle altered from its present true weight by the vanishing scruple of 0.1875 grain Troy to the good could then be struck to the equally round mintage weight of "250 heavy grains 0.900 fine."

ELECTRUM DOLLARS.

With the excessive subtlety of our present mint valuations both of gold and silver thus happily eliminated, the way would be smoothed for a gradual extension of the facility of free coinage issue from 250 long-grain gold eagles to 400-grain ten-dollar pieces, these to be struck of an elec-

trum metal composed of six parts of standard gold alloyed with four parts of standard silver. A later gradual extension of the same facility so as to comport the free coinage of an 80 per-cent. silver and 20 per-cent. gold electrum into 250-grain and 100-grain quarter eagles and dollars of unlimited tender would deprive the nation's ultimate return to unlimited free and alternative bimetallic coinage of full fiat tender within twelve, sixteen, or twenty years of that pious horror which the prospect of its too sudden achievement now inspires in certain quarters. We assume, of course, an entire suspension, during the maturance of the experiment, of those sporadic and discretionary issues of non-face-value coin and paper, of which the Gage Currency law of March 14, 1900, invites the national banks to share the morally questionable profit. The chance exists, at least, of the moderately intelligent masses and of our vaingloriously brain-proud, although still far from over-intelligent, aristocracy of wealth, affairs, and learning comprehending the legality of a legally approved and enforced conventional equivalence between four-grain silver cents, one-grain electrum cents, and quarter-grain gold cents; whereas the unmathematical majority are now unable to comprehend the precise object, the probable effect, and the perfect feasibility of perpetuating that freedom of making their payments

indifferently in 412½-grain white or in cca. twenty-six-grain yellow dollars, which the United States has always accorded to American debtors.

A PLATINUM DOLLAR.

It is quite within the range of the possible to substitute a new rarer-metal monometallism for the present gold standard (so called) by shutting our mints to free gold coinage and opening them, instead, to the face-value coinage of platinum only, at the reasonable rating, let us say, of one United States dollar per standard gram. Last year's Trinity and Siskiyou Counties' out put, which was the total Californian platinum product for 1899, of 300 ounces is officially valued at $6 an ounce. It is plain that the faculty of converting it into legal tender standard platinum eagles of ten grams' weight at the San Francisco Mint for the benefit of the platinum bullion owner, as gold is now coined for the benefit of the gold bullion owner at another equally arbitrary rating, would immediately force the market value of the thirty-gram metric ounce of platinum up to $30. Is it not equally clear that its present pecuniary value, with the free-coinage privilege withheld from it, has no more to do with the dollar and sterling price which platinum would command as a free-coinage metal than the cost of its production has?

CHEAP GOLD.

No more, surely, than the ascertained feasibility of extracting three-quarters of the twenty-five cents' worth of gold which every cubic yard of Saskatchewan River gravel is estimated to contain, at an average cost of two cents per cubic yard, has to do with the money value of eighteen cents, which our Government's actual practice of face value gold coinage at the odd rating of some $18.60 to the standard ounce irresistibly insures to every hundredth of an ounce of this grade of fineness. Whether miners can extract this amount of standard gold per cubic yard from the bed of the Saskatchewan River, or from any other claim, has no more to do with its selling price than their accomplishing its extraction with or without what they themselves call a fair profit.

A SINGLE PLATINUM STANDARD.

Is the conversion of 300 ounces (or be it 3,000 ounces) of pure platinum a year into $10,000 (or $100,000) at the San Francisco Mint likely to have a very perceptible effect on Californian circulation? Let the world's whole present output of less than 5,000 kilos of crude platinum (usually 0.76 fine) be doubled, and let industrial consumption be restricted by the legislatively enhanced price of the metal to its present rate of consump-

tion, and assume the mintable surplus of cca. 5,000 kilos to be of 0.900 standard fineness. The resultant addition of $5,000,000 in one year to our present stock of United States money by free platinum coinage will embarrass the whole United States as little as an addition of $100,000 to the San Francisco Mint's present annual mintage of gold and silver money is likely to embarrass the Pacific Coast.

But let the stimulus which our new rating must inevitably give to platinum mining at home and abroad quintuple the present world's output of that metal as rapidly as the heighday of the Californian gold stampede saw the world's annual output of gold suddenly quintupled in the early 50s. And let no other nation enter the lists as a rival of the American Union's monetary demand for platinum, the industrial consumption being held down by the heightened price to its present volume of cca. 5000 kilos a year as before. Then the sudden limitation of new United States coinage under a single platinum standard to cca. $20,000,000 a year will quickly send our existing gold dollars to fully as high a bullion premium, will quickly bear the market price of gold bullion *and of sterling exchange* in United States dollars of any kind to as sharp a discount as the silver demonetization blunder of 1873 ever forced United States silver coin and beared silver bullion,

A TWENTIETH-CENTURY TRIMETALLISM.

To meet the resultant scarcity of American money half way, we should be compelled to resort to a short-value gold coinage at government discretion after the pattern of the present American, French, and British-Indian silver mintages. It would be coupled, probably, with the same sort of unredeemed paper circulation and meagerly covered bank issues which the Currency act of March, 1900, so ingeniously perpetuates under cover of the single gold standard masquerade. To preclude a scarcity of money in consequence of our ill-considered restriction of all fresh coinage to the automatic offer of platinum altogether, and to restore the currency of the nation to its only proper basis of metallic face value and fully covered paper, it would be necessary to reopen its mints once more to the mintage of other precious metals besides platinum. The temporary infliction of differential seigniorages on platinum, gold, and silver coinage, with an appropriation of all the resultant rake-offs to the contraction of uncovered paper currency and bonded debt, or the institution preferably of an equal seigniorage tax on the conversion of all three metals into coin of equally unlimited tender and of equal facility of automatic issue, would be a sufficient protection against too sudden a flushing of the money market,

by too sudden a removal of whatever artificially instituted stoppages or dykes of the natural metallic inflow had reduced the national stock of money below its right level of monetary saturation.

SUPERSERVICEABLE SAFETY AS AGAINST SELF-MONEY SOUNDNESS.

Safety and soundness are the attributes of every metallic face-value money—that is to say, of all undebased precious metal currency of unchecked and untaxed automatic issue for public and private account indifferently. They belong just as manifestly to the yellow pound sterling, for which English law does not admit the substitution of a silver pound sterling above the purely conventional and once non-existent limit of 40 shillings, as they do to the white Mexican dollar, obligations contracted in which kind of currency Mexican law allows the debtor to settle in gold money the moment he perceives an advantage in doing so.

The soundness of a one-gram platinum dollar or of any other precious-metal unit can be made questionable only in two ways: by decrial of its legal tendership, a legislative process which would include the limitation of a previously unlimited currency no less than the reduction of an existing limit, and, secondly, by the introduction after free silver or gold or platinum coinage of a tax on

their further monetary issue, or of such artificial restrictions of it as tend to create a shifting profit on its discretionary issue by the Government itself through its own bearing of the price of the metal as such.

Admitting the impossibility of decrying or even of limiting the legal tendership of the United States gold money and silver money of full tender now outstanding, unless the statesmanly intelligence of a majority of the United States Congress in matters of this kind should sink lower than it has ever done, it is obvious that a legislative withdrawal of the opportunity we now have of converting gold bullion and foreign gold coin into United States money by carrying it to a United States mint, would immediately put a discount on it. It is this restriction and no other which now depresses the market price of silver below its former American mint price of $1.2929 an ounce. It is the absence of this opportunity which depresses that of platinum, also, below a potential market price and value better conformed to the rarity of that metal than $6 an ounce.*

* This is the California State Mining Board's valuation of the product of 1899, and is approximately identical with the former Paris price of 1,000 francs a kilogram for the plainer sort of platinum castings. Old sulphuric-acid still-worms and similar platinum scrap used to sell as low as 700 francs a kilo. But the commodity price is a very shifting one. A Californian

With a very great unlikelihood of United States platinum mintage exceeding half a million dollars a week within ten years of its legalization, the closing of our national mints to free gold as now to free silver coinage would inevitably cause the bullion value both of our present gold and standard silver dollar circulation to fall very much below their face value. To this extent would it widen the discreditable breach which already exists between the legal value and the material value of a large proportion of our national money. To bring about such a divergence and to help maintain it by legislation is to safeguard the creditor's interest against the debtor's beyond the point of equity. It is neither necessary nor fair to invest a gold, a silver, or a platinum dollar with so unsafe a safety.

CONDITIONS JUSTIFYING A TEMPORARY TAX ON NEW COINAGE.

An urgent need of increased revenue or of getting rid of other more burdensome war taxes, the duty of neutralizing a real debasement of the unit of currency when one is commanded by considerations of international convenience and of purely

chemist tells me that he now pays 80 cents a gram for sheet platinum, as against a former price in San Francisco of 45 cents.

metrological reform, and finally the legitimate desire to allay even the vain alarms and to caress the prejudices of a politically important opposition, are, however, peculiar conditions. When such conditions exist it is the ideal course to approach an enlargement of the list of money metals proper cautiously, whether by the addition of platinum to their number or by a return to the free bimetallic coinage system of our not less but more enlightened ancestors. It might be well to approach the eventual substitution also of a 25-gram or 400-light-grain dollar for our 412½-Troy-grain or 400-heavy-grain one, and the incidental contraction, if possible, of our uncovered paper currency of all kinds, by the temporary imposition of a stiff seigniorage tax on all additions to existing circulation.

ROUND COIN WEIGHTS AGAIN.

The writer's own plan would be to accord equal facilities of automatic coinage to 400-light-grain silver dollars, 250-light-grain gold eagles, 400-light-grain eagles of dark yellow electrum, and 250-light-grain quarter eagles of pale electrum,*

* The yellow to contain 60 per cent., and the pale electrum 20 per cent. of standard gold respectively, and both to have the balance of their gross weight consist of standard silver,

and finally to 160-light-grain platinum eagles of the gross weight of ten metric grams each or of one gram per dollar.

LIBROMETRIC TRIMETALLISM AT 8,000 GRAINS TO THE KILOGRAM.

This is tantamount to fixing the formula of trimonetary equivalence at 25:16:1. One 16-ounce pound of silver coin is legally equal to one 30-gram metric ounce of gold coin; twenty-five grams of silver coin equal one gram of platinum coin; one-half kilogram of platinum coin supplies $500, one-half kilogram of gold coin $320, and one-half kilogram of silver coin $20. One grain of gold, under this system of weight units and of round-weight coinage, would be rated equal to one gram of silver. A one-hundred-cent, one-gram standard platinum dollar of account would be rated equal in all respects to a real hundred-cent, hundred-grain dollar of pale electrum.

Pending the proposed ultimate correlation of our uncial and granular weight with the metric system by dividing the Paris market pound of 500 grams into 8,000 light grains, and a new Saxon market pound of 480 grains into sixteen metric ounces, each ounce containing 480 grains as at present, our system of round-coin weights is perfectly susceptible of being worked in heavy mint

grains, 400 to the actual mintage weight of the United States silver dollar.

A PLAN OF NO GREAT NOVELTY.

The proposed one-gram standard platinum dollar is, indeed, its only novel feature. For what is our odd-weight United States gold dollar of to-day but the authorized yellow translation of our older standard silver unit? And the proposed 16 to 1, or old Spanish-American and later Jacksonian, silver-pound for gold-ounce and *vice-versa* ratio of bimetallic equivalence is no other but that which now governs all the more important precious metal operations of our national mints. Whether the Director of the Mint labels silver dollars of the present true weight "412½ grains Troy 0.900 fine" and their yellow multiples "258 grains Troy 0.900 fine," or whether he labels the same dollars and eagles "400 heavy mint grains 0.900 fine" and "250 heavy mint grains 0.900 fine," he is rating every grain and ounce and pound and kilogram of gold sixteen times as high as an equal amount of silver money, and is giving the same legal-tender function to every sixteen ounces of standard silver dollars he coins as he does to every ounce of standard gold bullion which he is authorized to convert into fiat gold coin. There is, in fact, no money except fiat money, and it is just as

arbitrary a convention to attach such names as louis d'or, sovereign, daric, dollar, turtle, eagle, owl, and peacock to yellow or white pieces of any particular round or odd gross and fine weight as it is to permit the facultative substitution of one variety of coin for another under some legally determined and traditionally established, or scientifically readjusted, but none the less forced rate of their putatively fair value-equivalence.

THE OLD AND THE NEW SPANISH, SPANISH-AMERICAN, AND AMERICAN DOLLAR.

As for the Latin silver dollar of 25 grams weight, it already enjoys a limited legal tender of $5 and under among us, in the shape of our minor silver coin. The mintage weight of a United States fifty-cent piece is not 206¼ grains, but 12½ grams. The debasement which this involves, and which Spain herself in 1868 and Chile and a few other Spanish-American countries since have extended to their full legal-tender money with none of the Pharisaic scruples and pretexts our Anglo-Saxon hypocrisy undertakes no great nor yet any little thing without, exceeds 1-33 plus 1-25 by a millet seed or two. We may call it 7 per cent.

LATIN UNION AND BALKAN STATE DOLLARS.

Spain, the above-mentioned Spanish-American

republics, Cuba, Puerto Rico, the Philippines, and Finland, Servia, Roumania, and Bulgaria in Europe employ this twenty-to-the-Paris-pound Latin dollar without belonging to the Latin Monetary Union. Of that association of west and south European nations it is the fundamental monetary unit under the name of a five-franc piece (pièce de cent sous), écu, scudo, five lire, five pesetas, peso duro. Latin Union gold coin is historically and metrologically nothing but the authorized yellow translation of this renovated twenty-to-the-pound solidus of Charlemagne, under a purely arbitrary and ultra-fractional ratio. Both the United States and the Latin silver dollars constitute an unredeemed and legally irredeemable currency of unlimited legal tender in the territory of their issue. For our standard silver dollars continue, like their Latin congeners, even under our single gold standard masquerade of March 14, 1900, to constitute a self-money currency of that character. They do not need to be and no law or promise of the Treasury requires them to be redeemed in gold, and they are not in practice so redeemed.

SILVER DOLLARS AND A GOLD POUND STERLING.—HOW TO CORRELATE THESE TRADITIONAL UNITS WITH EACH OTHER ON A BASIS OF ROUND METRIC AND GRANULAR COIN WEIGHTS.

The hundred years which have elapsed since the English crown suspended its quasi-face value silver issues (1798) † have made the English sovereign the acknowledged pivot of England's Ptolemaic sterling coinage system. Victorian sovereigns are struck to weigh 123.27447 grains Troy 11-12 fine. Let the royal mints of London and Melbourne change this metrological absurdity to 125 mint grains 0.900 fine of the reformed ponderal value of 480 grains to one 31¼ gram, sedecimal ounce of the Paris market pound, and the absolute fine weight of the Albertian sovereign will differ from that of its ultra-fractional Victorian predecessor by the insignificant scruple of 0.02 grain Troy to the good. Great Britain, Australia, British India, and British America, after uniting upon this decimal round-weight sovereign, will perhaps take courage some day to reform their unreasoned and ill-correlated bimonetary ratios

* A tax of $1 (4 shillings) had been imposed on every Troy pound, or, more precisely, on every 62 shillings of full tender silver sterling coinage by George III. in 1766, by the favorite method of a new coin debasement. This seigniorage went to the mint master. Since 1816 it has been covered into the Treasury.

of 14.288 and of 21.9 to 1 in accordance with the American lead of 1834. An imperial government dominated by a higher order of statesmanship than the British-Indian Government was then would have adopted this course in 1835, instead of shutting the British-Indian mints to legal-tender gold coinage as it did. A raise of the fine mintage weight of English and Australian florins, or two-shilling pieces, from 161 5-11 and of that of the British-Indian rupee from 165 to one of 180 grains (200 mint grains 0.900 fine), and of a four-shilling (two-rupee) "British dollar" coin to the proportionally enhanced mintage weight of 400 mint grains 0.900 fine, added to the increase of commercial convenience and activity which a uniform standard of metallic and monetary values is bound to engender, will abundantly compensate for a concomitant debasement of the Canadian silver dollar from its present gross mintage weight of 400 heavy to one of 400 Anglo-Australian mint grains, and ulteriorly perhaps to one of 400 light metric grains.

AMOUNT OF THE TRUE WEIGHT ENHANCEMENT AND REDUCTIONS HERE SUGGESTED—NORTH AMERICA.

For English North America the monetary debasement which is involved in an ultimate reduc-

tion of the true weight of the present North American dollar, as above suggested, is the same as Spain enacted for the same purpose of a purely metrological correction in 1868. This was about 7 per cent.

INDIA.

The proposed raise of rupee mintage weight from one 180 Troy grain tola weight of 11-12 standard silver to 180 fine grains of the Paris ounce is a monetary ennoblement of rupee money by 9.1 per cent. of its present metallic value. One of the simplest ways of executing this ennoblement of Indian silver coin, for the purpose of bringing it in 16 to 1 harmony with a twentieth-century British sovereign of 125 mint grains 0.900 fine rated at 10 rupees, is to strike rupees and multiple Indian silver pieces of pure silver (1,000 fine) with the dies which are now in use at the Calcutta and Bombay mints. The restoration of a conservative legal-tender rating to the needlessly demonetized native gold unit of India, the mohur, of which large quantities have continued to be struck at Calcutta for purposes of bullion storage, will give a rare coherency to the arithmetical formula of our slightly reformed imperial Indian coinage system: 16 annas = 1 rupee; 16 fine-silver tola-weight rupees = 1 half pound of fine silver = 1 tola-weight mohur; 16 tola-weight mo-

hurs = 1 half pound = 187.5 metric grams of fine gold.

If the passing of the other British possessions and of Great Britain herself from a 125-mint-grain to a 125-light-metric-grain sovereign is contemplated, a less costly reform of British-Indian silver and gold currency will be to pass directly to a 12½-gram rupee 0.900 fine. The gross weight of this twentieth-century rupee will be 200 grains of the 30-gram ounce, and the fine 180 grains equal to one thirty-second of a reformed Troy pound, said reformed twelve-ounce pound being identical with the old Hanoverian jewelers' pound of 360 grams.

The ennoblement of the true fine weight of nineteenth-century rupee money which this adjustment requires is only 3.6 per cent., and should be accompanied by a stiffening of tola and other native Indian units of weight in the same proportion. The only change this will make in the arithmetic of Indian money will be that the sixteen-fine-tola half pound, from which sixteen rupees or sixteen mohurs are to be manufactured, will have a metric weight not of 187.5, but of 180 grams. One gram of gold is thus rated of equal value, as before, with one light metric grain of silver, whether in the coined form or for purposes of automatic mintage.

CHARGE THE COST TO THE BULLION OFFER.

The expense of the heavier new coinage and of keying up India's vast rupee coin circulation of about $1,000,000,000 to this convenient grammo-granular formula of bimetallic equivalence and to round librometric coin weights can be thrown upon the owners of gold and silver bullion. They will be glad enough to bear it in exchange for the benefit of the Indian Empire's return to its early nineteenth-century practice of automatic gold and silver coinage at a fixed relative and absolute valuation of both these precious metals. How large a seigniorage tax the Indian Government chooses to impose for this purpose is a matter of no concern to other nations, and of very small domestic concern outside of bullion broker circles; always provided, indeed, that none of the precious metal thus collected is allowed to disturb the unhampered operation of the automatic coinage system. Its surreptitious diversion to the inflation of rupee circulation would do so. As much of it as is not required for the cost of recoinage—that is to say, for the gradual redemption of old rupees and mohurs in new rupee money at par—should be sold for its market price in rupees or sterling, and the proceeds covered into the embarrassed Indian treasury.

THE GOLD POUND STERLING OF THE FUTURE.

If we assume the immediate substitution of the Paris market ounce of 31¼ grams for the Troy ounce in the delicate operations of the Royal British and Australian mints, and the proposed immediate substitution of a 125-mint-grain aureus 0.900 fine for the fantastic mintage weight of the Victorian sovereign (123.27447 grain gross weight 11-12 fine), we obtain a gold pound sterling identical in value with the actual English sovereign. In this case, then, there is neither enhancement nor debasement of the metallic or of the foreign exchange value of the English pound. A minute alteration of its slightly different mintage weight would reduce the Egyptian pound, also, to identity with the present and new gold unit of the practically suzerain British power.

TURKEY, EGYPT, AND BRITISH AFRICA.

The passage of Turkey to a 125 new Troy grain aureus is out of the question, that country being in no condition to bear the serious enhancement of the fine metallic value of the present Turkish pound which such a procedure would involve. But the transition both of the Ottoman Empire and of Egypt, together with the remainder of British and Dutch Africa, to a 10-rupee Indo-

British pound sterling can be effected very easily by opening the mints of Constantinople, Cairo, and Cape Town to an abundant issue of 12½ gram silver florins, of which the Turko-Egyptian value would of course be 10 piasters. The corresponding right metallic value for the single piaster will be 20 metric grains 0.900 fine. The commercial condition and the popular monetary requirements of the Ottoman Empire and of the Christian kingdoms which have detached themselves from it, and of the viceroyalties of Egypt and India, are of such a character that the entire extrusion of gold coin from their circulation by an unrestrictedly abundant silver coinage would cause these countries no inconvenience whatever, except, indeed, as their Governments have to some extent committed the mistake of incurring bonded debts payable in English sterling and in Latin Union money. It would become the duty of the Imperial British Government in the case of their being subjected to embarrassment by gold remaining at a premium after their own resumption of bimetallic coinage, both as the paramount suzerain of India and as the leading Mohammedan empire of the world, and in the real interest of the Western creditors of these Oriental Governments, not only to help them obtain the consent of these creditors to the par payment of their obligations in their new silver money, but to wipe out the

troublesome premium by according larger and larger facilities of automatic conversion into English sterling money to both precious metals at its own Cape Town, Melbourne, and London mints. If this aid is withheld, nothing hinders the Sultan and his former subject states from inflicting a domestic discount on sterling exchange by imposing a stiff tax on both gold and silver mintage.

A NEW SILVER POUND STERLING.

The proposed enhancement of the present mintage weight of the English shilling from 87 3-11 Troy grains 37-40 fine to one of 100 mint grains 0.900 fine is an ennoblement of its metallic value in the proportion of 12½ per cent. Such a measure would justify the imposition of a seigniorage tax as high as this, or a little higher, on the new sterling silver coinage, as well as an enlarged legal tendership (*e. g.*, £5 instead of £2 for shillings). Under the protection of a 20-per-cent. mintage tax not diverted to the inflation of the currency as the inordinate profit on English shilling issues now is, the legal tender limit for the new English florins and dollars could safely be raised to £50 and £500 respectively.

If, on the other hand, the new shilling is struck, from the outset, to weigh only 100 light metric grains=6¼ grams, and the British dollar is thereby

made identical with the present French, Latin, Spanish, Spanish-American, and North American (subsidiary coin) dollar of 25 grams gross weight =400 light metric grains, the resultant metallic value of sterling silver money will be just 4 per cent. less than by allowing 480 mint grains to the Paris market ounce of 31.25 grams. This will make the resultant ennoblement only 8 per cent.

COUNTER CORRECTION OF A DOUBLE CHANGE OF STERLING COIN WEIGHTS.

As sterling silver now composes about one-fifth of all sterling circulation, the subjection of the existing stock of English silver money to an 8-per-cent. enhancement of its present ponderal value, at the expense either of the treasury or of bullion owners, is sufficient to cover and neutralize an ulterior 4-per-cent. debasement of one-half the outstanding circulation of sterling gold. The enactment of regulations, or more properly the mere neglect of a few non-legislative restrictions which have recently been placed on the natural operation of the Bank act of 1844 to please the single gold standard fanatics, will be sufficient, if the total circulation of sterling silver money is thereby increased from two-tenths to one-third of a total English circulation 20 per cent. larger than now, or thereabouts, to compensate for the 4-per-cent.

reduction of the true fine weight of the British aureus which an ulterior mintage weight of 125 light grains involves, and without which an arithmetically rational adjustment of the upper and lower units of sterling, dollar, and rupee currency to round figures both of granular and of metric weight can unfortunately not be compassed.

It would be in order, however, to check any inconvenient tendency of nineteenth-century sterling gold to press toward the mint to get itself recoined at a nominal premium of 4 1-6 per cent. And in view of the caution with which English public opinion would certainly prefer to see a return movement in the direction of automatic gold and silver coinage of high legal tender inaugurated, an equal seigniorage tax, even of 20 or 25 per cent., on new issues of both gold and silver will hardly appear excessive. In any case, the contrary character of the two readjustments which considerations of a purely arithmetical order would have commended to Parliament and the crown will acquit the English Government and the English people of any sinister motives for their reformatory action.

FRANCE AND THE LATIN NATIONS.

Minister Calonne procured the original adoption of the French 15½:1 formula of bimetallic

equivalence by the French Parliament in 1785 on the express understanding, first, that it was not and did not need to be identical with the then existing relative market value of the two precious metals.

Calonne procured it, the later republican Parliament confirmed the regulation of French coin weights to accord with it, and the imperial government of Napoleon afterward perpetuated it on the express understanding, second, that the nation would be free to alter it at any time by changing the mintage weights, not, indeed, of the silver franc and its multiples, to which the monetary unit character of the eighteenth-century livre and of its successor the franc and the round ponderal value of the latter (5 grams) gave a sacrosanct perpetuity, but of those multiples of the franc which were to be and are still struck of the secondary yellow money metal under this French and Latin Union ratio.

The only drawback of the French bimetallic ratio, to which an earlier generation of French and Continental bimetallists were perhaps a little too inclined to ascribe an almost miraculous virtue and an inherent static quality, consists in the odd gross weight which it creates for the napoleon—6.4516129 grams. A monetary unit of so odd a weight accords ill, surely, with the French love of clearness and with the proud attachment

of Frenchmen to their admirable metric system. A change of the ratio to 20 to 1 would of course correct the anomaly. But the cause of round-coin-weights is hardly sacred enough to justify so serious a debasement of the gold coin which is now the only French standard of metallic face value. France can afford to leave 50-per-cent. and 33-per-cent. degradations of their gold money to British India, Japan, and Russia. It is not for the Third Republic to sully the nation's proud record in this respect, since Mirabeau's invention of the five-gram franc inaugurated the country's latter-day era of impregnably correct and more than correct monetary morals.

A desire to conform the arithmetical basis of its gold coinage to that of the largest extant national circulation of gold and silver, and at the same time to reduce the mintage weight of the napoleon to a fair degree of roundness, would justify the Latin Union countries and their following outside of the Union, however, in a relatively insignificant clippage of the napoleon from 6.45 down to 6.25 grams. This is 3.1 per cent. If a sudden jump from 155 to 160 napoleons per kilogram appears dangerous, its suddenness can be mitigated by a gradual lowering of the mintage weight, say by .02 gram, each first of January for the first ten years, or during any other decennium of the twentieth century.

France's adoption of the American ratio in this way, under cover, perhaps, of a tax on new coinage of which it is for Frenchmen to determine the incidence and the amount, would facilitate a return to the substantial observance of the French republican bimetallic coinage law of the 7th of Germinal of the year XI. (1803), if a parliamentary majority decided upon this means of reopening the way for the long-suspended discharge of the national debt. And indeed, except from the point of view of abstract metrological science, there is little to be gained by mere national gravitations to a uniform ratio. The ulterior advantage would lie in substituting automatic heterometallism and bimetallism for the lopsided and cumbersome hodge-podge of free, discretionary, short-weight, base metal, national and bank paper issues which is the present monetary standard of the Latin Union nations. But a voluntary uniformity of ratios and studied proportionality between national unit-coin weights imposes no change of monetary policy on any government other than its own interest may command.

There is no reason why two and one franc pieces should not be raised back from their reduced fine weight of 4.175 to their proper normal weight of 4.5 grams fine per franc. With the undoing of the 7 2-9 per cent. debasement to which these minor franc money pieces were subjected by

Napoleon III., they would of course be restored to their previous unlimited tender function.

The granular weight of a reformed 6.25-gram napoleon is of course 100 light metric grains, and identical with that of the proposed British shilling, half rupee, and North American quarter dollar, of any of which pieces the said napoleon is to possess the sixteenfold value.

SPANISH, ITALIAN AND GREEK PAPER.

Spain of her own notion and Italy and Greece by detaching themselves from the Latin Union are in a better position to enact a 6.25-gram napoleon than France. For, ridden as these countries are with an irredeemable paper money in which Latin Union coin of all kinds commands a premium, in Italy usually of 5 to 10 and in Greece usually of 50 per cent., their legislation concerning the issue and tender of gold would wear too purely Platonic a character to make any immediate difference to any vested interest, more especially if their action was approved and encouraged by their fellow governments of the Latin Monetary Union as now constituted.

WHY SILVER IS CHEAP.

The fundamental basis of the German imperial

coinage system of to-day is a translation into yellow metal of the old vereinsthaler of the mid-century German Monetary Union according to the French ratio of 15.5 to 1.

The founders of the new German Empire were naïve enough to attach an exaggerated notion of static quality to this formula, on account of its acknowledged domination of the market prices of the two previous metals from 1775 to and through the Franco-German War period. They indulged the intention of swapping demonetized silver for Latin Union gold at this par of exchange, regardless of the fact that the sudden closing of the German mints to free silver coinage and the simultaneous reopening of them to free gold coinage (1872) after the old German Union's previous abrogation of all German gold coinage in 1857, were bound, as we now see with half an eye, to put a premium on gold and a discount on silver money and bullion even on the Paris and Brussels exchanges. The German treasury nevertheless succeeded in swapping a large proportion of what silver its agents were able to put through Latin Union mints, thus converting it into Latin dollars, for French and Belgian gold, practically at par.

The irritation this characteristically German procedure not unnaturally provoked in France and Belgium, and the manifest discount to which this

unusual inflow of silver and drain of gold—which its relatively greater cheapness (abundance) under the Latin free-coinage system had accustomed everybody to talk of, somewhat incorrectly, as the real standard—led France and Belgium to place restrictions on the free coinage of silver. These, of course, only intensified the artificially created premium on gold, the relative market rating of the two metals having already drawn nearer to the American mint ratio than to the French. And the further discount, which the temporarily innocuous but portentous abolition (in February, 1873,) of an unlimited parity of legal tender between United States silver coin of free automatic issue and greenbacks inflicted on silver bullion, absurdly helped to determine the practically coincident, final closing of the Latin and North American mints to free silver coinage on January 1, 1879.*

The lesion of the old-time bullion par through united Germany's ill-considered abandonment of her single silver standard folly of 1857, only to throw herself into Lord Liverpool's opposite but equally unscientific heresy of the so-called single gold standard, was the occasion, and France's and

* Date of Secretary Sherman's nullification of the intent of the coin redemption law of 1869 by his resumption of specie payments in the dearer, instead of in the cheaper variety of coin, as in duty bound under the Bland-Allison act, and by the Matthews joint resolution of Congress.

America's humanly excusable, but economically inexcusable loss of the nerve to let the cheaper metal and coin replace the dearer in the automatic fashion contemplated by the spirit and letter of the Germinal law, was the only real cause of the subsequently continued and intensified divergence of the market par of the commodity prices of silver and gold, both from the Latin and from other national ratings of their respective coining value.

THE GERMAN EMPIRE'S "REICHSGOLD."

The mintage weight of the German imperial is based on the arithmetically complex and, from the point of view of a rational monetary science, altogether ridiculous formula:

$$\frac{2 \text{ (gold)}}{31} \times \frac{20 \text{ (thalers)}}{3} \times \frac{500 \text{ grains silver}}{30 \text{ thalers}} = \frac{20{,}000}{2{,}790}$$
gold grams.

The Latin formula of 15.5 to 1, being thus fertilized by the German genius of lucidity, became pregnant and bore a new imperial German aureus of the ingeniously fractional fine mintage weight of cca. 7.1649 and of the gross mintage weight as a decimal standard gold coin of cca. 7.96 grams. *Valait-il bien la peine de s'éloigner de la livre sterline internationale de vingt-cinq francs et de huit grammes, qu'avait discuté sans y aboutir le Congrès monétaire international de 1867, pour si*

peu? C'est le poids pûrement accidentel de la livre sterline d'or actuelle.

As against this 7.9-gram aureus, our 125-Paris-ounce-grain translation of the present British sovereign into a gold-piece of a 0.900 standard of fineness would have furnished the model for a German gold pound sterling of about 8.1 grams. An original translation of the thaler done to accord with the American ratio would have yielded a twenty-mark piece of cca. 7.7 grams. One hundred and twenty-five light metric grains are 7.8 grams.

A Franco-German and English monetary union on the basis of 25 francs = one British or German imperial can now be achieved very easily in two ways: either by conceding unlimited national and a very limited international currency in the customs service to worn and new gold pound sterling coins of French, German, or English issue, to weigh not less than 7.8 grams, or by raising the mintage weight of the German gold unit to 8 grams and dropping that of the Latin napoleon to 6.4 to match a current-weight sovereign 2 per cent. lighter than the fresh-struck piece, instead of 1 per cent. (122.5 grains) as at present.

THE GERMAN SILVER BRICK.

The new German Empire's institution of a reactionary minor silver coin ratio of 13.95 to 1 with

its own 15.5 to 1 gold, by striking 100 drittelthaler marks from the fine silver pound instead of 90, was a crown coin debasement swindle worthy of the meanest base-money operator among the West Roman emperors, or among William I.'s own illustrious predecessors on the thrones of Brandenburg and Prussia.

A silver-mark coinage worthy of enjoying a high legal tender function under a 16 to 1 ratio of bimonetary equivalence with an 8-gram gold imperial ought to be struck to a gross mintage weight of 6.4 grams and a fine of not less than $5\frac{3}{4}$ grams. Such a bettering up of a thaler currency of 16.66 fine grams to the thaler = 5.55 to the mark as its third would not have been in harmony, doubtless, with German traditions and ideals of public frugality. These cheaper ideals triumphed in the reduction of the silver currency, which is made in Germany from a fine to a gross mark unit weight of 5.555 grams.

This sordid piece of financial trickery cuts the fine weight of the mark down to a round five grams and its metallic value to 1 franc 11 1-9 centimes, as compared with its compulsory valuation at the equivalent (in gold) of about 1 franc 25 centimes and of one American quarter and of one English shilling.

A DISHONEST MARK.

In view partly of this overvaluation, German one-mark, two-mark, and five-mark pieces are very properly recognized only as token coins, with a legal-tender function limited to sums of 50 marks and under, and a limitation of their government issue to the scant allowance of 12 marks ($3) per head of the population, which limit has very recently been raised, experimentally, to 14 marks ($3.50) per inhabitant. Prussian and other thaler money of *ante bellum* and early *post bellum* coinage retain their original unlimited tender function, and the volume of German rupee coinage for use in German West, Southwest, and East Africa is left to Government discretion. The imperial German mint ratio of 13.95 to 1 is accordingly divested of any very special significance, except the peculiarly retrospective one that it would have effectually protected the new German mark currency from exportation to the United States, there to be swapped for United States gold coin at the rate of one 437½-grain ounce for every pound avoirdupois of the German silver pieces, if the French ratio had continued to dominate the bullion market after America's, the German Empire's, and the Latin Monetary Union's practically coincident abolition of free silver coinage in the early '70s.

THALERS HONESTER THAN MARKS.

Germany has found it impossible, owing to the depreciation of silver which her monetary reform was chiefly instrumental in provoking, to demonetize her old thaler circulation either by withdrawal or by decrial. Nor is there any reason other than a craze for innovation why she should do so. For there is no better money in German circulation than these 18.5-gram gross-weight and 16 2-3-gram fine-weight three-mark pieces. Their circulation is, indeed, more likely to be inflated than to be contracted hereafter; for Germany's own gold-standard policy has brought about and helps to maintain a disturbance of the old-time bullion par which prevents the thaler money war treasure in the vaults of Spandau from being sold as bullion without an enormous loss.

Germany has succeeded, on the other hand, in raising her gold circulation to a figure considerably in excess of her silver. This not particularly significant condition of things is evidently supposed in some quarters to carry with it, in some occult way, a guarantee of monetary stability for the nation concerned. If this were so, the Indian Empire would not be able to maintain an artificial parity of rupee currency with sterling at the newly established rating of one pound sterling = 15 rupees and one rupee = 16 pence sterling without

any gold circulation whatever, as it has done for a number of years. The notion is puerile.

THE PRESENT POSITION OF ALL GOLD-STANDARD COUNTRIES SUBSTANTIALLY IDENTICAL.

The German Empire, with its hundreds of millions of undiscarded thalers; the Latin Union, with its hundreds of millions of silver five-franc pieces; Spain, Turkey, the Balkan States, the Austrian and Russian empires, with their legislatively depreciated silver, their debased paper, and their equally debased gold circulations; and the British Empire itself, with its vast circulation of shillings and Canadian dollars and silver rupees, all of them irredeemable in gold, are thus seen to occupy a very similar position, as far as the relation between their gold and their silver coin is concerned, with the United States. Among the nations more recently initiated to the blessings of the so-called gold standard than these is Japan, where the transition to the higher plane of gold monometallism was accomplished in May, 1897, by means of an exact 50-per-cent. degradation of its new and 100-per-cent. overvaluation of its older gold money,* Japanese silver dollars (yens)

* The new law provides in so many words that the legal-tender function of old-issue five-yen gold-pieces hereafter shall be ten yens.

remaining in circulation at the same legal-tender valuation as heretofore.

The anomaly in our own case, as in theirs, lies in the continued recognition of two varieties of unlimited legal-tender coin, only one of which, gold, is legislatively recognized as self money by its unrestricted coinage for private account, while the other, silver, occupies the questionable position under the present dominance of the gold standard idea, falsely so called, of an irredeemable half-face-value issue which is nevertheless invested with unlimited legal-tender functions.

WHY SHOULD A GOVERNMENT BULL BULLION?

The price of bullion as such concerns the United States or any other Government very indirectly, only as it may incidentally favor and reap benefit itself from the products of its own people's soil and industry commanding good and steady prices both in its own money and in foreign. But for Governments of recognized solvency and large resources to engage, during periods of no financial embarrassment whatever, in putting and keeping out large quantities of non-face-value money, whether of paper, or of gold, or of silver, or of celluloid, or of nickel, of which they do not and cannot undertake the final redemption at sight in face-value money—that is to say, in some variety

of coin of which the value is determined by its fine content in precious metal alone, as only an equal freedom of converting coin into bullion by melting it down, and bullion into coin by its presentation at the mint for free coinage, can fully insure this face-value parity between money and one or more precious metals—is to degrade one of the most sacred powers of governmental authority to a source of surreptitious profit. They ought to find better business for their hands to do.

If ex-Comptroller Eckels is at all justified in his opposite postulate that government may not properly engage in the enterprise of stiffening the commercial value of a metal by holding its mints open to the coinage of it for private account, then he is logically bound, as a consistent economist, to advocate the repeal of free gold coinage as well as of silver. It is quite possible that he would gladly limit the output of our national mints to discretionary government issues in amounts to be determined by the executive power. This is the ably defended position of one of the greatest living authorities on the monetary history of nations, a history which his picturesque pen has traced from dimmest antiquity to the present time—Alexander del Mar.* It is not a solution

* For Del Mar's advocacy of the *exclusively public*, delicately discretionary, and therefore presumably alto-

of which a mind unschooled in the Pickwickian interpretations of Congressional deliverances, to which a long dynasty of Secretaries of the Treasury has latterly accustomed us, can very well see the accord with the solution of the monetary problem in that paragraph of the Constitution of the United States which vests "the right to coin money and to determine the value thereof" in Congress. But it is the only rationally defensible position which opponents of the identification of money with metal values can at present maintain. Whereas Mr. Eckels opposes the quasi private coinage and the consequent lifting of its market price to the same figure as its mint price only of silver. This is to say that he approves and indorses with his left hand the very iniquity which he puts from him with that fine gesture of his eloquent right as being fraught with danger and dishonor to the republic.*

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gether executive or crown government issue of money in all its forms, see his "History of Money" (London, 1885); and his "History of the Precious Metals" (London 1880), *passim.*

* Comptroller Eckels' one-sided condemnation of free silver coinage, and his inconsistent attempt to base that artificial discrimination between the two precious metals, in the interest of which he and his chiefs, Messrs. Carlisle and Cleveland, were then fighting the less expert but honest mass of the Democratic party, on an arbitrary ethical dogma, found expression in a magazine article published over his signature in August, 1896.

THE UNITED STATES CURRENCY SYSTEM—ITS CHIEF DEFECT OBSCURITY.

Our own present monetary system, which the uncritical demagogue is in the habit of exalting as "the best in the world," is fatally open to the charge of needless complexity, if indeed it does not court condemnation on those other charges of a more serious character which are leveled against it from every point of the political compass.

The Comptroller of the Currency, the Director of the Mint, the Treasurer of the United States, and the Secretary of the Treasury would themselves be sorely puzzled to explain what necessity there is for the United States to keep six varieties of paper money and six of coin in coincident circulation. If they are not, they ought to be.

SUNDRY ABNORMALITIES OF OUR PAPER-MONEY SYSTEM.

Of unlimited legal-tender notes there are two kinds. Of gold obligations, according to all acts and resolutions of Congress before March 14, 1900, and the wording of the bills themselves, there is only one, the gold certificate. And that one is not a legal tender. Except when overissued by the Treasury, as it has latterly been, in defiance of the intent and wording of the law

under which its emission was authorized and of the public understanding of its character (*comme de coutume*), it is a mere token of deposit, comparable to an umbrella check when issued by a parcel-room or by the steward of a club cloak-room. But according to ex-President Cleveland's construction, United States notes or greenbacks and treasury or Sherman notes of 1890 and after come also under the head of gold obligations. And the Treasury facultatively maintains a fund, formerly of $100,000,000, now of $150,000,000, for their nominal redemption, really for their indefinite renewal, to the amounts respectively of $346,000,000 and $141,000,000. It periodically replenishes this fund, either from surplus revenue or from bond sales or with unexpended balances of war loans. Mr. Cleveland's construction, which is also Mr. Gage's, groups practically all our government and national bank paper, with the sole exception of the silver certificates—that is to say, a formidable total altogether of approximately $800,000,000, or roughly speaking, something like two-fifths of the total circulation of the country—under the same head. To carry out this formidable, but in reality merely putative contract, with the pecuniary resources of the United States Government, is clearly out of the question.

INTEREST PAYMENTS AND BOND REDEMPTIONS IN EXCESS OF THE NATION'S BOND.

Not content with voluntarily increasing its own already manifest insolvency by pretending to undertake the redemption of its own and of national bank paper in the United States metallic money of lesser instead of in that of greater convenience and availability, our misdirected national Treasury has burdened the nation with another unnecessary sacrifice of the people's interest and negation of its authority. It has made a practice of paying the principal and interest of all maturing bonds of all issues in gold, in disregard of the stipulation engraved on their own surface, according to which United States bonds are legally payable in gold or silver coin, as the agent of the debtor nation shall be led, after due consideration of the greater convenience of the Treasury, to determine.

LEGITIMATE BEGINNING OF COIN SETTLEMENTS IN GOLD COIN.

The interest and principal of United States bonds was payable until 1869 in any United States legal tenders, as indeed these obligations were originally bought with United States notes as the cheaper form of legal tender, or with domestic

and foreign gold money with the existing premium allowed. In that year an act to strengthen the credit of the Government, as it was styled, imposed the novel obligation of redeeming them and of effecting interest payments on them "in coin." The use of this term in the contract, taken in connection with the conditions under which United States coin of both metals could be procured in exchange for bullion at that time, and under the natural operation of the economic law of least resistance, allowed their redemption in gold *as the cheaper coin of full legal tender.* And the Treasury very properly availed itself of its discretion to be governed by the pecuniary advantage of the debtor country, as all persons of intelligence had for centuries availed themselves of the similar discretion they enjoyed in the settlement of their private debts, to discharge these and its other coin obligations in gold. This was authorized by the law and was actually done, not at all in the interest or at the unasked suggestion of the note and bond holders, who would have preferred to be paid in silver money, but in the then well-understood and admittedly paramount interest of the United States Government as the agent and representative of the American people. This representative Government was itself represented by a Secretary of the Treasury who still considered himself not as the master of the situa-

tion and as the sworn defender of the class and personal interests of bankers and bullion brokers, but more humbly, and yet more proudly, too, as the servant in office of the whole, already overtaxed nation.

TRANSITION TO ILLEGITIMATE PAYMENTS IN THE DEARER INSTEAD OF IN THE RELATIVELY CHEAPER GOLD COIN.

Under the subsequent, not unconstitutional, but unnecessary and unwise, and, as it proved, temporary Congressional limitation of the legal-tender function of silver coin to the modest sum of $5, the term coin came to mean gold exclusively, and so to imply the forced redemption of notes and bonds in gold coin. Although commoner than white money by reason of the small volume of old United States silver remaining in circulation, gold coin began at that period, for the first time since 1834, to represent a higher metallic value at home and abroad than its silver congener. In point of fact, this higher commercial value became attached to gold as compared with silver bullion (not coin) abroad by the new German legislation and at home by the Coinage act of 1873 itself. Standard silver dollars have at no time in the history of the United States been worth less than their face value.

The Bland act of 1878 did away, constitutionally again, with the limited tender of silver coin in private transactions. But it did not, unfortunately, do away, in the public transactions of the Treasury, with the public creditor's *imaginary right* of demanding the redemption of his bond in that yellow coin, to a preferential use of which in all large financial transactions on a specie basis the public had become accustomed, first, by reason of its relatively greater abundance (cheapness), and afterward owing to the temporary legislative restriction of the legal tendership of white money. The closing of the German, American, Scandinavian, Dutch, and Latin mints to free silver coinage having, however, seriously enhanced the *relative* value of gold bullion as compared with silver, this imaginary right to draw their payments in gold was blatantly asserted by the Government's creditors. And in an evil day, in view at first of the very small premium gold bullion commanded over silver even after the demonetization acts, and in view of the self-maintained parity of our own limited-issue silver dollars with our unlimited-issue gold ones, this preposterous contention was supinely acquiesced in by a commercially only too expert, but unfortunately very unstatesmanly succession of Secretaries of the Treasury and of more or less rural Presidents.

UNJUST STEWARDSHIP OF THE UNITED STATES TREASURY.

President Cleveland and Secretary Carlisle, therefore, only followed the lead of Sherman and Windom and McCulloch in construing the redemption of bonds and greenbacks with gold—a perfectly unnecessary discrimination under the letter and spirit of the laws of 1869 and 1875—as a moral obligation growing out of a putative dictate of expediency. It is true that in so doing they lived up to a well-known Scriptural authority. Does not the Saviour Himself in so many words commend the tactics of a steward quick to prefer, and clever enough to manufacture evidence to justify him in preferring, the pecuniary interest of his employer's creditors to his employer's own? It is true that the example of the unjust steward is exalted only from the point of view of men who desire to make friends unto themselves of the mammon of unrighteousness.

Under this construction the national bank notes and our treasury certificates, which are virtually greenback notes of high denominations, may naturally enough be classed with United States notes rather than with the so-called Sherman notes of more recent issue. To allow an agent to decide between consulting his employer's interest, as he should, or that of another, as his limited lights

or his weakness may lead him to prefer, "at his discretion," is to give full rein to his indiscretion. We should not quarrel with executive usurpation except to stop it. It is the king's part to coerce when he can and to coddle only when he must. It lay with Congress to assert itself. Congress supinely tolerated the Treasury's arbitrary departure from the spirit and letter of the law at the beginning, and has paid the penalty of its weakness by having to acquiesce at the end in erecting what was originally nothing but an executive malpractice into a written law of the land. It is far better so. For with every allowance made for the financial hallucinations which were and are ever peculiar to the financier class whose views our single gold standard Secretaries adopted and made their own, their disregard of the plain tenor of the law they were sworn to observe, albeit for the purpose of "saving the country" in their own peculiar way, was an unwarrantable misdemeanor.

ANOTHER EXECUTIVE USURPATION.

President Cleveland stretched his Presidential prerogative of interpreting the intent of an act of Congress so far as to establish the further anti-economic innovation of conceding the creditor or noteholder an option to call for the redemption of the Sherman notes—of which a total of about

$141,000,000, more than fully covered by the silver bullion reserves which they served to buy at legislatively reduced prices, was issued between 1890 and 1893—in the dearer gold coin. The Cleveland policy added no inconsiderable strain to that which already bore upon the hundred-million-dollar gold reserve, this voluntary reserve of the Treasury being often the only asset of the Treasury that was available for gold redemptions of legal-tender notes.

According to the same eminent authority, power is lodged in the Secretary of the Treasury, provided his chief agrees with him, to statuate whatever preferential distinctions and nullifications of previous tradition and of the law of the land he at any time chooses to consider expedient in the interest or to the disinterest of any class of the Government's creditors. Of this self-arrogated executive power Secretary Carlisle availed himself to refuse to redeem greenbacks in gold during an election eve run on the Treasury in November, 1896. This incident may serve to show how suddenly our whole utterly arbitrary system of gold redemptions may collapse some fine day, when the condition of the country may really warrant a persistent run on the Treasury, like some great, yellow soap-bubble when it collides with an obstacle to its airy flight. Mr. Carlisle continued, however, to hand out gold in exchange for Sher-

man notes, as his predecessor would not have thought of doing. The new currency law of 1900 authorizes the Treasury to pay gold for all classes of government notes except silver certificates, although it still permits the issue of standard silver dollars in redemption of silver certificates and treasury notes. It entirely discountenances the widely circulated delusion that standard silver dollars can be exchanged for anything but silver certificates at any government office, or subsidiary silver and minor coin when presented in sums or multiples of $20 for anything but lawful money of whatever variety the convenience of the Treasury renders the more available.*

MR. CARLISLE'S ABSURD PROMISE TO REDEEM SILVER DOLLARS IN GOLD.

Secretary Carlisle, for his part, did not hesitate to proclaim that he might at any time take the further step of applying the Government's bountifully overmortgaged gold asset of $100,-

* Full and accurate information on the Treasury's own practical interpretation of the issue and redemption laws now in force is given in Treasury Department Circular, 1900, No. 32, issued March 23, 1900, over the signatures of Ellis H. Roberts, Treasurer of the United States, and of L. J. Gage, Secretary of the Treasury—*e. g.*, "STANDARD SILVER DOLLARS (may be presented in sums or multiples of $20) for exchange into silver certificates only."—VIII., 15.

000,000 to the redemption in gold even of standard silver dollars! The writer cheerfully recognizes the innocent candor, but is unable to follow the line of reasoning which enables some of his Republican friends to imagine that this declaration of Mr. Carlisle's is a binding promise of the Government to maintain the silver dollar at parity with gold by redeeming it in gold, or that this putative promise is potent, although unrecognized in any statute and disavowed by the practice of the Treasury, to account for the parity which United States silver coin enjoyed before it was made and has continued to enjoy since it has been forgotten.*

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* The writer's request for the text of the alleged promise of the Treasury to maintain the parity of silver coin with gold by redeeming it in gold, elicited the following editorial reply in the San Francisco *Bulletin*, for April 28, under the heading, "Dollars of Equal Value:"

"Mr. Alfred Emerson asks how, if the silver dollar is maintained at parity with gold by the promise to redeem it in gold, the silver dollar was maintained at the parity it has always enjoyed before the promise was made. In 1878 the so-called Bland-Allison silver coinage act authorized the coinage of standard silver dollars and declared them full legal tender for all debts, public and private. The Treasury Department partially defeated the purpose of this law by a ruling that creditors might choose the kind of money in which their credits should be satisfied. It was this rule of the Treasury which created the 'endless chain' which caused two issues of bonds during Mr. Cleveland's second administration. Greenbacks were by law payable in silver, but by ruling of the Treasury hold-

It is difficult for the layman to understand what scope remained, under the arbitrary modes of executive interpretation which obtained before the new act of 1900, to the conception of legal tender. It is still more difficult for the financial expert

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ers of greenbacks, when presenting them for redemption, could demand gold for them.

"While there was no law requiring the Treasury to redeem either greenbacks or silver dollars in gold, the Treasury maintained both greenbacks and standard dollars at parity by recognizing their parity with gold. The custom house and the Internal Revenue Department accepted greenbacks and standard dollars in payment of dues at their face value.

"The platform of the Republican party which was adopted at St. Louis in 1896 declared that 'all our silver and paper money must be maintained at parity with gold, and we favor all measures designed to maintain inviolably the obligations of the United States, and all our money, whether coin or paper, at the present standard, the standard of the most enlightened nations of the earth.'

"This pledge of the Republican National Convention was substantially incorporated, but at greater length, in the gold-standard law enacted by the present Congress. The promise of the successful party in the campaign of 1896 has been given the force of law. Consequently, the *Bulletin* is justified in the assertion that the silver dollar is maintained at parity with gold by the promise of the Government to redeem it in gold."

The reader will note what an excellent example of a familiar human foible this rejoinder, which was not an answer to my more specific request, furnishes in the *Bulletin's* perfectly correct statement and elucidation of the facts of the case down to the point where it introduces the Republican platform of 1896 in evidence, and in the curious distortion of mental vision which its partisanship first causes and then excuses after that point is reached.

to conceive how the national credit was to escape unscathed in a time of serious national emergency under the operation of this system, if system it deserved to be called.*

The gold and silver coin certificates are the only par deposit notes which really call on their face for redemption in a particular variety *or indeed in any variety of coin.* And these are not legal tenders.

The Sherman act notes of 1890 to 1893 are the only other notes fully covered by a bullion asset of the Treasury, which asset the Secretary in his wisdom proclaimed to be valueless for the purpose, while the present law continues to make use of it for redemption purposes, although apparently conceding the choice of the variety of coin to the creditor on the same terms as in the case of gold certificates, for which the holder is not entitled to demand silver money.†

* The Spanish war and its unlooked-for after-play in the Philippines were not events of such pecuniary importance as to constitute a serious financial emergency for the United States. They did, however, change the basis of our silver coinage for the time being.

† Treasury Department Circular, 1900, No. 32. "II. Issue of Gold Coin.—4. Gold coin is issued in redemption of United States notes and treasury notes of 1890 by the Treasurer and all the Assistant Treasurers." "III. Issue of Standard Silver Dollars, etc.—5. Standard silver dollars are issued by the Treasurer and Assistant Treasurers in redemption of silver certificates and treasury notes of 1890, and are sent by express, at the ex-

PRESIDENT CLEVELAND'S BASELESS BOND ISSUES.

President Cleveland's second administration construed the hundred-million-dollar gold reserve, *which no law required him to maintain at that figure or at any figure,* and which we have repeatedly seen drop to less than one-tenth of the circulation it was supposed to guarantee, and once as low as $47,000,000, to be unavailable for the redemption of United States notes during an ordinary political crisis. In interelection times, however, it was so used. After borrowing $262,-000,000 in gold, partly at a good 10 per cent. less than the price the bonds in question soon afterward commanded in open market, of a syndicate which justified its low offer (which President Cleveland accepted) on the ground that the bonds were not payable in gold, and partly by popular subscription, for the alleged purpose of enabling the Treasury to pay its other silver-or-gold coin obligations in the dearer variety of coin, for the better amusement of the President and Secretary and of the nation's unduly favored creditors, and reissuing the "redeemed" notes as fast as they bought them in to meet the existing deficit, these

pense of the Government, in sums or multiples of $500," etc. "VI. Redemption and Exchange of Paper Currency.—11. United States notes, treasury notes of 1890, and gold certificates are redeemable in gold coin, and silver certificates in silver dollars," etc.

superserviceably forethoughtful and conscientious statesmen allowed themselves to be caught out during an insignificant election-day flurry. Either their previous precautions were uncalled for or they must bear the stigma of having ended their administration in a state of manifest governmental insolvency. Ardent disciples of the gold-redemption doctrine honestly believed the nation to be tottering on the ragged edge of bankruptcy for many months after the election crisis of 1896. The Spanish Government in its direst financial distress allowed the Bank of Spain to reduce its gold reserve from one-quarter to one-fifth of its outstanding notes. What must we think of a government whose increased gold reserve of $150,000,000 serves not to redeem, but to float five times its own volume of United States notes ($346,000,000), of treasury notes ($141,000,000), of national bank notes (now up to $353,000,000) and of over-issued gold certificates? For the Treasury long ago violated the understanding that it would hold the gold deposits, of which the gold certificates are mere paper checks, inviolate.

OUR WHOLE CURRENCY IS A FORCED CURRENCY.

If we accepted the view of those who hold that the parity of silver dollars is maintained by the credit of the Government, or, as some doctors

teach, "52 cents' worth by their own metallic value and 48 cents' worth by the credit of the Government," which cannot, will not, and does not redeem them in any other money, we should have to concede that our new $150,000,000 gold reserve is the sole asset on which a silver, greenback, Sherman note, and gold certificate circulation of eight times this value reposes. In reality their acceptability for internal revenue taxes, State and city taxes, their enforced acceptability by the public in redemption of national bank notes and in extinction of private obligations and penalties, and the convenience of paper money, taken in conjunction with their reasonable rarity, are sufficient to maintain our present volume both of greenbacks and of Sherman notes at parity with coin without any system of redemption whatever. The self-maintained parity with gold of some $600,000,000 of irredeemable and unredeemed silver coin, with the legal tender and exchange value of which its fine bullion content has nothing whatever to do under existing circumstances (although it once had all), is a sufficient proof of this. It is not the failure to redeem, but a relative overissue of paper money which puts a discount on the paper of certain nations as compared with their gold and silver coin. We do not hesitate to assert that a 1 per cent. annual contraction of Italian *corso forzoso* paper, by the method of *de-*

struction charged up to an alas! too visionary surplus revenue, would quickly wipe out the 5 to 10 per cent. discount which the Italian Government itself collects for payments not made in gold or silver at its receipt of customs.

Under the existing system, however, our large-figure currency certificates and our bullion certificates (gold and silver coin deposit notes) appear to be the only Government paper the floating of which, on account of their not being legal tenders, although fully covered, is not fraught with anxious care both for the holders and for the Treasury—not to speak of a worthy class of citizens who, without holding many interest-bearing or non-interest-bearing obligations of the United States or of corporations, and without being large taxpayers, are much troubled in mind from week to week about the rise and fall of sterling exchange, gold exports, the balance of trade, deficits, the precarious solvency of the Treasury, the questionable wisdom of its larger operations, and similar cares.

"IN DARKEST JAUNIA."

The further a layman proceeds in the analysis of "the best monetary system of the world" under its present official interpretation and recent Congressional regulation, the more he finds his nat-

ural clearness of vision impaired, like Prince Riccardo's in the story of "The Yellow Dwarf," by the jaundiced atmosphere of unhealthy paradox. Our national surrender to the gold-standard idea without pushing it to its logical extremity of limiting our legal-tender circulation to gold money has plunged us in such an atmosphere without in any way strengthening out national credit. A little more, and we shall find that a *bona fide* gold standard, according to the own heart of the moneyed interests which now back this "standard of the most enlightened nations of the earth," can be permanently achieved only by debasing our gold eagle from 258 to 172 grains, after the example of the Russian and British-Indian empires, or perhaps from 258 to 129 grains, after the model of the Japanese coinage and currency reform. How else can the United States Government even pretend to cover $11,000,000,000 worth of silver, greenback, and Treasury note circulation with its pitiful $150,000,000 gold reserve?

Only one kind of bank notes is tolerated, and this is secured by a device so perfect, financial experts assure us, as to make their issue one of doubtful profit. In spite of this untoward circumstance, Comptroller Eckels reported an increase of national bank circulation by $24,948,560 during 1896, and Secretary Gage reports a 2-per-cent. bond sale for par-figure mortgage in behalf

of new bank issues of over $20,000,000 during six weeks of March and April, 1900. A reform which ex-President Cleveland and Secretary Carlisle warmly advocated, and which was at one time assured of the coöperation of the banks under the name of the Baltimore plan, but which Congress then and afterward rejected, proposed an unlimited issue of national bank notes unbacked by bond holdings, on the mere payment of a nominal tax in exchange for the Government's assuming liability for all their issues.

Not to complicate matters with a discussion of short-weight subsidiary and base-metal minor coins of very limited tender, the United States now issues two varieties of self-maintained, precious-metal coin of unlimited legal tender. The first of these, of which the other is historically and genetically but the authorized yellow translation several times revised, consists of 412½-grain standard silver dollars struck of white precious metal nine-tenths fine. The American dollar accordingly contains exactly the same quantity of fine silver (371¼ grains) as the old Spanish dollar, sometimes derisively called the codfish dollar, after the stuff our ancestors traded for it. This Spanish piece-of-eight (*reales* or York shillings) was the historic progenitor of the home-coined American silver dollar or unit of 1792 (1798) and

after, and remained its companion in legal-tender privileges until the year 1858.

THE DEBASED AND DEMONETIZED GOLD DOLLAR NOT PRIMARY, BUT SECONDARY.

Our second self-maintained currency consists of gold pieces of larger denominations which are decimal multiples of a theoretical gold unit of 25.8 grains Troy, also nine-tenths fine. The actual issue of gold dollars of this unit standard, as of the gold quarters and twenty-cent pieces which were at one time struck at the California Mint, was brought to a close, together with that of silver dollars, in 1873, and has never been resumed, as the issue of silver dollars was in 1878. *There is, consequently, no United States gold dollar of surviving issue.* And yet the law now declares this invisible, intangible, non-extant entity to be the unit of currency and of value, ignoring the silver dollar and the paper dollar, which are equally so in fact. Are we not, as a people, a little too fond of bowing down to empty formulas?

SUBSIDIARY SILVER MONEY AT HOME AND ABROAD.

The anomaly is justified in this case by the inconvenient smallness of the smaller gold-pieces. In other countries the smallness of the unit does

not admit of its being struck of standard gold at all. We may therefore compare the incorrect but widely current popular and official conception of our national currency as one based on a unit which has no concrete existence as such to the anomalous state of the currencies of the Latin Union and of the German Empire, where the nominal unit coin is a short-weight or debased alloy piece enjoying a very limited legal-tender function, while that of Latin dollars and German thalers continues unlimited.

Spain and a number of Spanish-American countries in her wake deliberately degraded their old silver unit, which was the prototype and counterpart of our present dollar, to an exact equivalence with the five-franc piece of the Latin Union. Our own Government took a step in the same direction even earlier by accommodating the weights of the subsidiary silver pieces, with which it replaced the premium-commanding Spanish half dollars, quarters, and bits so familiar to the last generation, to the French franc standard.*

* Two United States fifty-cent pieces formerly weighed 412½ grains. They now weigh 25 grams, the same as a Latin dollar.

NOT ONE, BUT TWO VARIETIES OF SELF-REDEMPTORY COIN.

The real anomaly lies in our continued recognition of two varieties of self-redeeming, unlimited legal-tender coin, only one of which, however, gold, is fully recognized as self money of its own metallic value by providing facilities for its coinage for private account, while the other, silver, occupies the questionable position, and must continue to occupy it as long as a majority of Congress is dominated by the gold-standard idea, falsely so called, of an irredeemable, half-face-value discretionary issue which is nevertheless invested with unlimited legal-tender functions.

The status of silver in our monetary system is needlessly complicated to the lay understanding by our subsidiary coinage of that metal in a form ingeniously *devised for the special purpose of not representing its face value, under the pressure of conditions that have long since passed away.** The kind that still sells for eleven-twenty-sixths of its

* The mid-century premium on silver. In 1859 the market value of a silver dollar in the cheaper gold coin was $1.05. France debased her one and two franc and fifty-centime pieces below the decimal standard of metallic fineness for the same purposes of checking the conversion into bullion of the small silver currency, which gold could not replace as readily as large, for profit.

face value when mutilated or melted down* we maintain at parity with gold by dint of Congressional fiat. But we cautiously limit the legal-tender function of the kind of which the metallic value equals only ten-twenty-sixths of its face value and sterling exchange value, lest persons receiving half dollars and quarters in settlement of their credits should deem themselves defrauded under the forms of law.

* Silver was quoted at 55 cents an ounce at this writing. The United States mint valuation is $1.2929 an ounce, equal, that is to say, to the market value of silver dollars by weight; $0.55 to $0.65 is the present price per ounce of uncoined silver. Mexican demonetization, a very possible contingency, will reduce the price of silver bullion to 40 or 30 United States cents. United States resumption of free silver coinage will lift it back to $1.2929, but whether to 60 pence sterling, or how near that sum, only the experiment can satisfactorily prove. If the new sterling price of silver bullion remains less than 60 pence sterling exchange would rise proportionately in New York. The American people and its Government are in no wise dependent on sterling exchange never rising higher than $4.87, the Canadian, 16 to 1 valuation. A rate of $5 to the pound sterling would stimulate British buying in America, while conversely tending to check American buying in England. The likelihood of the premium on United States gold, if any, exceeding 5 to 7 per cent. in consequence of a sudden unbridged return to our old free bimetallic coinage system is negligible. But even if the reopening of the United States mints to silver on equal terms with gold were to bull silver bullion only 2 shillings an ounce, raising it only to 50 pence, or to 52 pence in London, the occupation of the persons who argue that its present low price is a consequence of anything but its unwise demonetization at home and abroad would be forever gone.

THE CREDIT OF THE TREASURY DOCTRINE.

In reality, of course, the suspension of free silver coinage has made the gold exchange value—or, to put it more clearly, the sterling value—of our American silver dollars as independent of their metallic or bullion value as the same cause has made British-Indian rupees ever since the abolition of Indian free silver coinage in 1893. In neither case is any fund or mechanism provided for the redemption of silver coin in gold, nor does any such redemption actually take place. Nor is the further issue of the constructively discredited silver money itself discontinued.

In the absence of any gold redemption whatever, either in fact, theory, or prospect, those who take a warrantless comfort in the thought that the credit of the Treasury has in some mysterious way inserted itself under the silver currency of both countries to prevent the disaster of this variety of coin falling from a definite parity with gold to its own at present somewhat lower metallic value are paying themselves with words. If they maintained that it is only under an artificially limited and really very scant issue of silver money that a sufficient rarity of such coin can be maintained to insure its continued parity with a dearer sort, there would be a grain of rude reason in such a doctrine. But the dogma which certain cam-

paign orators and journalists were pleased to enunciate in 1896, that 53 cents of the current par value of every silver dollar was furnished by its bullion value in the molten state, the other 47 being due to President Cleveland's system of redeeming Sherman notes with gold instead of with silver coin, deserves serious consideration only as a discouraging but instructive aberration of the human mind. It deserves serious refutation about as little as the equally pious and unshakable conviction of other, or perchance of the same good souls, that the twentieth century began with the year 1900. *Auri sacra fames, quid non mortalia cogis Cerebra!*

INTRINSIC VALUE.

The substitution of celluloid tokens for our present silver dollar or for the British-Indian rupees would cause a dire collapse in the bullion price of silver by dumping many tons of it on an already demoralized market. But it would affect the sterling value and the purchasing power of dollars and rupees only as the innocence of the popular mind and the gross ignorance of recognized financial leaders might perhaps cause an outbreak of irresponsible hysteria.

For the manufacture of small change, finally, we employ an alloy three-quarters copper, which

we commonly call nickel and the Treasury calls copper-nickel, together with the pure copper which our recent coinage legislation has substituted for the nobler alloy of copper and tin, which is familiarly known as bronze. Very limited legal-tender functions are assigned to this also, with a differentiation which was originally suggested by the superior commercial value of nickel as compared with bronze. True it is that the intrinsic value of either alloy in the trifling quantities that are employed for the principal minor coins has no more to do with the face value of our American nickels and coppers than the cost of silk-shot paper has to do with the value of a fifty-dollar bill.

One hesitates to use a term which has been as much abused as "intrinsic value." There is, of course, no such thing as absolute value. The true relative value of any metal and the purchasing power of money itself is indeed subject to constant fluctuation, which it is the part of wise statesmanship to moderate and of unwise to intensify. But the illegitimate influence of moneyed greed and of privileged classes on contemporary legislatures is such, unfortunately, as to make automatic bimetallism or polymetallism a better safeguard of monetary stability than the statesmanly intelligence and conscience of parliamentary majorities. And this in spite of the theoretical and practical imperfection of any system of har-

monizing exchanges which arbitrarily invests one class of substances with the function of serving to measure the values of all and of discharging material obligations.

A STABLE CURRENCY, FORSOOTH.

The natural deference of the lay mind to the teaching of professed experts and to the assurances of men in authority has heretofore persuaded most of us that this intricate present United States monetary system of ours is, by way of additional recommendation, so fragile and so loosely fitted in its several component parts, and so ill-balanced —so ill-adjusted, in short—to the work it has to perform and the strains it must occasionally meet, that the "stability" of our whole national circulation of putatively \$2,000,000,000 depends on the preservation intact of a fluctuating gold reserve of \$100,000,000 or of \$150,000,000. And this although it took the exceptional courage of a Grover Cleveland to keep it from dropping to less than 3 per cent. of the total circulation. Mr. Cleveland and Mr. Carlisle achieved this feat at a cost of \$262,000,000 added to the 4 and 5 per cent. interest-bearing debt in the course of one Administration, under circumstances in no way abnormal. To the cost of thus maintaining "an endless chain" of pseudo-redemptions in gold for the ben-

efit of the gold export operators of New York City, add that of paying the interest, if any, and the principal of notes and bonds preferentially, although without a shadow (originally) of legal or moral obligation or of expediency, except for the improperly favored creditor, in whatever variety of legal tender his selfish interest leads him to ask for! Add the loss to producers by the substitution for an honest dollar of an acutely appreciating monetary standard, made so and kept so by the misguided initiative of our own Congress. Add the heavy loss entailed on a silver-producing country in consequence of the purely legislative and voluntary depreciation of this money metal, of which depreciation our own Government, instead of combating it, has been and is now the prime cause. Add, further, the crankiness which the now foolishly legalized conversion of our enormous fiat paper circulation into an ostensibly fiduciary currency, on the strength of the scantest possible ballast in the form of a reserve of true money of ultimate redemption superinduces. Add the sense of financial and industrial insecurity in which the American business world has forged along like an ocean greyhound in a fog for a whole generation—four years in the thick of civil war, eighteen years under suspension of specie payments, and for thirty-two amid constant agitation of the tariff question from compromise to com-

promise, leaving it worse settled to-day than ever before. Add the further insecurity which is inseparable from the progressive polarization of public and party opinion on the currency problem itself, especially during the last four Administrations. There you have the confusion of the public mind and the uncertainty of the business outlook from any four to any other four years which is technically known as "prosperity" and as "sound money."

More technically still, in view of something like one-third of the total circulation being silver coin of practically unlimited volume and legal tender, and another third of it paper and minor coin issues that are practically redeemable in new paper at the option of the Government under existing law, the system is sometimes described and extolled as "the existing gold standard."

THE CRUCIBLE TEST.

The United States Government is really in the not very creditable, however creditful, position of a business man whose good reputation for honesty and unassailed standing in the community has enabled him to float notes to six or seven times the insured value of his assets. The indorser is the American people, whose implied guaranty is supposed to be and really is good for any amount.

Strange as it may seem, this hodge-podge of a national monetary system does, after all, stand the crucial test. Or since this adjective savors dangerously of the metaphorical flights of partisan oratory, let us rather say it stands the crucible test—only, to be sure, after specimens of the ten other varieties of the United States dollar are converted by exchange into gold coin or into 25.22 fine grains of gold bullion at the current rates of commercial exchange. *Under present conditions* at least, then, it scarcely courts the charge of demonstrated unsoundness.

OUR READINESS FOR WAR.

We may best compare it with the past, present, and future war establishment of the American nation, for which Congress annually appropriates some two or three fifths of the whole national revenue, to the great satisfaction of all political parties, but not of our competent military and naval critics; for these are only too well aware of the hopeless unreadiness of the country to repel the attack of a powerful enemy without an initial convulsion of the first magnitude.

"THOU SHALT NOT STEAL."

Whether the whole system can be considered so well planned, so satisfactory in its workings, or so

intrenched in the affections of a conservative people as to deserve the united support of all cautious, intelligent, virtuous, and patriotic citizens which has been claimed for it, let alone then the perpetuation of its unessential features, whatever these may be, is another question. Those tender consciences, at all events, to which the argument against a legislative diminution of the purchasing power of the single dollar by permitting an indefinite enlargement of the total volume of money in circulation, which is the real monetary unit, appeals with the force of a negative moral commandment, a practical paraphrase of the Sinaitic injunction "Thou shalt not steal," can hardly approve the steady inflation of our "debased silver circulation" by the Government's continued exercise of its silver-coining privilege. Nor ought they, in their present self-satisfied state of moral illumination above that of other men, to approve the further inflation of the total circulation and relative cheapening of the dollar which such inflation must inevitably bring about, by the equally dubious process of the conversion even of gold bullion into coin, at Government expense, for private gain, to the incidental advantage of millionaire gold-mine owners and dare-devil Klondike adventurers.

AN HONEST DOLLAR.

For *other things being equal,* as to be sure they never are, every dollar added to those already in circulation, whether it be of gold or of silver or of subsidiary silver or of nickel or of bronze pennies or of paper, inevitably detracts a scruple, a trifle less than one-twenty-millionth of a cent in practice, from the purchasing power of every other dollar. Is it permitted to the sensitive moralist and sound-money advocate to ignore the essential fraudulency of a transaction tending to such a ghastly result? And does some specious fallacy not lurk in the contention of the free-silver economist that a large allowance must be made not merely for the increase of population, but also for the subjugation of new agricultural and commercial empires and for the geometrical progress of our industrial civilization in this age of inventions? Surely we are far from having attained the ideal monetary condition by the victory temporarily given into the hands of the bank-paper inflationists, as against those dangerous radicals the national bimetallists and free silverites. Until the true financiers whose whole thought has learned to move in the grooves that best fit the wheels of the car of capital prevail upon the party in power to proceed to a more than relative contraction of the currency, instead of its present

shameless inflation by old hard and new soft money methods, we must not apply the epithet honest to a dollar which was found, when measured by the average prices of a dozen varied great market staples, to have appreciated only 20 per cent. in the six years 1891 to 1896 inclusive, but which, in consequence of our latest monetary juggle of March 14, 1900, is just now having a spasm of Belgian or March hare fecundity.

NON-PARTISAN CURRENCY REFORM.

But the serious, unretrospective purpose of this pamphlet was to point out a defect of our present monetary system which the partisans of all shades of financial opinion might agree upon. This is the needless complexity, the downright incoherence, that distinguishes the system of the United States to-day above all other monetary systems of the present and of past ages. It is only when the name of monetary system is extended to cover the states of monetary confusion that have sometimes resulted from manifest abuses of the money-issuing power, and at other times from the political division, now happily overcome, of single nations like Italy and Germany, that this language will appear pessimistic or extravagant. If the reader inclines to agree to this moderate criticism of the actual state of affairs and to favor its re-

form in the direction of greater simplicity at an early date, our main object is accomplished.

O SANCTA SIMPLICITAS!

To the majority of men, upon first approaching this question, a currency recognizing only one precious metal appears to have the advantage of greater simplicity. The opposite doctrine, that a currency founded on the concurrent monetary use of two or more precious metals, all serving together or alternately as self money, is superior even from the point of view of simplicity, as well as from the more important one of stability, to a promiscuous association of self money with numerary and fiduciary moneys, underlies the whole substance of the present article. The Democratic party's recent movement and the desire of millions of citizens of other political parties for the reënactment of the coinage act of 1837 and the repeal of all subsequent legislation of any importance on metallic coinage, as embodying advances in the wrong direction, was as righteous and as intelligent, perhaps, as a conservative movement ever is. It nevertheless falls short of dealing radically enough with some of the nineteenth-century blunders at which the twentieth century will ere long smile. The entire dissociation of the institution of money from those attributes which pertain to

the substance of one or other precious metal is a triumph still reserved to the economists of the coming race. Meanwhile, not to be too visionary, the reduction of all the token coinage of the United States to a single type of numerary and of all paper issues to a single type of fiduciary issue would simplify the national monetary system enormously.

ONE TYPE OF FIDUCIARY PAPER.

With respect to paper, the United States legal-tender note, which the issuing Government should accept at par for all bonds and taxes and stand ready to redeem in coin except in times of acute national distress, offers a perfect type.

BANK NOTES.

If any other paper money is required for particular purposes not fully met by the Government's legal tenders, there seems to be no reason why national and State banks should not be allowed to emit credit notes under such guarantees as would justify the national and their respective State Governments in accepting them in payment of taxes, but on no account should any private issue be made a legal tender in public or private transaction.

TOKEN MONEY.

With respect to the token coinage, there would be a convenience in manufacturing all minor denominations of a single alloy. A light, non-tarnishing, and cheap, metal-like aluminum or an aluminum bronze would perhaps prove more generally serviceable than the present jumble of tin, copper, nickel, and short-weight silver. Public convenience might properly dictate a limitation of the legal-tender function of all minor coins to their face value multiplied by one hundred. In return for their many privileges, the banks could be required to make change either way upon presentation of this round number of pieces of any denomination or its equivalent.

A POLYMETALLIC FULL-FACE-VALUE MONEY.

Our face-value money metals, finally, could be increased not merely from one to two, but from two to half a dozen, without danger of the reformed monetary system's rivaling the chaotic character of its actual condition. The principle of unrestricted public coinage on private account or of unlimited coinage of all precious metals on public account—which comes to the same—appears to offer the only guarantee of a true self money.

Whatever principle is adopted, whether that of free coinage, seigniorage, of maximum, or discretionary, or limited Government coinage, should in any case apply alike to all money of unlimited tender of whatever precious metal. This is the only logical construction that can be put upon the principle of Governmental abstention from interference with the relative commodity values of gold and silver which was laid down in August, 1896, by Comptroller Eckels. As long as we adhere to the historic tradition that has given us metallic money, it is not for national mints, by discriminations of one kind and another, to cause fluctuations in the relative value of metals, although this cannot be altogether avoided until international unanimity of theory and practice is attained. It is for the precious metals, rather, as alternative commodities of equal availability, to determine the value of money until the discovery of and agreement upon a safer and steadier financial thermostat.

The nearest avenue of progress, as matters stand to-day, is the addition of one or more of the precious metals, which the later advances of metallurgy have made known to us, to the group of recognized money metals. The shallow gold-standard satirists who lately compared the free-silver idea to the primitive institution of iron money as es-

tablished in Sparta by Lycurgus were unconsciously ridiculing their own monometallic heresy.

VARIETY OF MONEY SUBSTANCES AND METALS IN THE PAST.

Before settling down to making their money of gold, silver, and bronze the ancients experimented with cattle and sheep, hides, iron, lead, nickel, and cowries. The Arabs at one time coined glass. Prussia in the eighteenth century and Turkey in the nineteenth did not utterly abjure the monetary use of lead in fraudulent alloy with silver. It is not for nations whose mints issue subsidiary silver of light weight or of low fineness, or any other irredeemable coin not really worth its face value, to criticise the Sultans. Rome, according to Mommsen, never limited the tender of her Senatorial bronze coin, but allowed it and the autonomous bronze money of subject Greek states to circulate coincidently with her imperial gold and silver in a sort of bimetallism or quadrimetallism; for bronze contains both copper and tin. Argos and Byzantium coined iron after Sparta had abandoned the practice. China enjoys brass monometallism and survives. The Chinese cash opens a monetary market to zinc, of which scarcely any other nation makes this use. Although extensively used, silver in China is only a

commodity or at most a token coin. Under a British ordinance of 1835, India has until yesterday eschewed gold. Before 1835 the equal weight of her leading gold-piece, the mohur, and of her leading silver-piece, the rupee, gave her bimetallic currency a scientific simplicity attained by that of no other modern nation. It was ancient India that first coined nickel. Belgium and Switzerland and the German Empire in Europe and Brazil and the United States in America revived this obsolete practice in the third quarter of the nineteenth century, not without encountering the same conservative opposition which long prevented the whole Latin Union following the Swiss and Belgian example. This innovation was suggested by the progress of metallurgy rather than by any economic consideration. It very materially enhanced the price of nickel by providing a large outlet for its use, just as any other extensions of its utilization might also have done and did.

TWO NEW MONEY METALS.

Since the electrolytic process of extracting aluminum from clay has made this substance universally familiar in the metallic form—indeed, it is now ranked as the third commonest of the terrestrial elements—there is no natural obstacle to its

extensive employment for coinage purposes. Its freedom from tarnish and its extraordinary lightness both commend it for this use.

At the other end of the scale it is easy to point out metals of almost any degree of relative rarity. Platinum is universally familiar, and was adopted into the monetary system of Russia in 1828, shortly after the discovery of relatively abundant deposits of native platinum in the Russian Government of Perm. But the low valuation which was then placed upon it made its continued coinage at a mint ratio of 5¼ to 1 with silver (*sic*) so unprofitable to the issuing Government as to cause the abandonment of platinum coinage by Russia in 1840. The same ratio with gold would have fallen very far short of expressing the actual rarity and normal cost of production of platinum, *with neither of which factors its commodity price has much of anything to do.*

Crude platinum is 76 per cent. fine, but assuming it to be of mint standard fineness, the coinage of the total world's production of 150,000 kilos from 1735 to 1895 at a mint valuation five times that of gold would produce only 775,000,000 francs' worth of platinum twenty-dollar, fifty-dollar, and hundred-dollar pieces. This sum barely exceeds the maximum gold and silver coinage of France in the single year 1855, when Californian gold was at its cheapest. How little trou-

ble it would give any commercial nation of consequence to absorb all the platinum that would be brought to its mints for free coinage at this hypothetical ratio of 5 : 1 with gold or of 80 : 1 with silver, a valuation fifteen times as great as the Russian mint accorded this metal in 1828, can easily be inferred. The total annual production of Russia, South and North America, and Borneo barely comes within hailing distance of 5,000 kilos even to-day. Should this amount be quintupled in the space of five years under the stimulus of its increased rating, as the production of gold was between 1849 and 1854, and should the arts at the same time not only abstain from its use altogether, which is hardly thinkable, while the difference between the native and mint standard fineness of the metal was at the same time made up by offers of scrap platinum, the monetary consumption of platinum would still not equal the annual gold coinage of the United States in these days of rapidly increasing gold production. The present output would produce less than $1,000,000 a month. The whole monometallic theory volatilizes in this platinum crucible. *The experiment,* even on paper only, *serves to show the essentially arbitrary character of all mint valuations on the one hand, and the utter irrationality, on the other hand, of the so-called commercial ratio subsisting between a fully recognized money metal and one*

that enjoys the restricted use of a mere commodity.

The ratio of rarity between gold and platinum is almost exactly 250 to 1 if we compare the total stocks of both, or about 100 to 1 if we compare the annual outputs of nearly 375,000 fine kilos of gold with nearly 3,750 kilos of fine platinum.* Yet gold, apparently for the sole reason that the legislation of the leading industrial and commercial countries still admits it to monetary service at a fixed valuation, commands more than five times the price of the rarer metal. It is by no other ascendency that it commands thirty times and sometimes over thirty-one times the price of a

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* A recent report by Director of the United States Mint Preston figures the world's gold production for 1896 at about $205,000,000. Another estimate makes it $210,000,000, or about 315,000 kilos. The annual production of platinum is overstated above in about the same proportion, but will probably soon be outstripped, relatively, by the rapidly increasing annual increment of the world's extant stock of gold. Some notion of the secular fluctuations of the gold standard may be inferred from the present platinum output's equality with that of gold in the first decade of the sixteenth century. The low gold production of the first decade of the nineteenth century was only twice as large as the present volume of platinum production. A very large quantity of platinum now runs to waste by reason of its irrationally low price, as compared with the cost of extracting it from the very low-grade ores of its usual occurrence.

[This note was written in 1897. Its prediction in regard to gold output has been verified beyond expectation.]

commoner precious metal not so admitted, the same which before the abandonment of free bimetallic coinage by leading nations in 1873 commanded $60\frac{5}{8}$ gold pence per English standard ounce, or exactly two-thirty-firsts of the price of gold itself in the London bullion market, minus the cost of its transportation and coinage at the Paris or Brussels mints.

THE LAW OF MONETARY SATURATION.

It follows that any country capable of absorbing a considerable part of the total annual output of any precious metal by according it an easier conversion into money or a higher mint valuation than it enjoys elsewhere, *without thereby attaining a state of monetary saturation such as to expel its whole stock of the other precious metals,* will be able to maintain the new commercial value it has created as long as its demand continues active.

Whether the principality of Crete, for instance, even were its independence a *fait accompli,* would be in a position, under existing circumstances, to stiffen the bullion price even of platinum, let alone of silver, as much as a penny a fine ounce may reasonably be doubted by all who know the poverty and resourcelessness of that wretched island.

The case of the Russian, or the German, or the

British empires, or of the United States would be altogether different, although *there would always be a mathematical limit* to the financial irresistibility, outside of its own borders, of any single one of these four nations, and even of a monetary union embracing all four.

The late Presidential election showed public opinion in the United States about equally divided, thirteen of one mind and fourteen, perhaps, of the other, on the question whether the United States would be justified in throwing her mints wide open (free of charge) to both silver and gold at the old American valuation of 16 to 1. Is it not safe to say that, once effectually reopened, the probability of their ever being closed to free bimetallic coinage again would be small?

SIXTEEN TO ONE AND OTHER HISTORIC RATIOS OF BIMETALLIC EQUIVALENCE.

There is, of course, nothing sacrosanct, except as it is a popularly familiar one, about that particular ratio, which Portugal in the seventeenth century and the United States under Jackson's Administration adopted for the same reason—viz., in order to enhance the value of their own gold mines by opening a more favorable outlet for their product than Spain supplied in the one case or France in the other. There was a certain har-

mony between the equation 16 to 1 and the numismatic system that divided the dollar into eight York shillings and sixteen 6¼-cent pieces, as we afterward called them. The weight of one of these equaled that of the gold dollar.

Solon, in Greek antiquity, made the Athenian ratio of 10 to 1, as against the Persian of 1 to 13½ with the effect of making the Athenian monetary standard substantially a silver one. The same decimal ratio was observed as a true bimetallic one by the Delhi mint of the Grand Mogul. Julius Cæsar, observing the advantages that inured to Egypt under the Ptolemies from her bimetallic ratio of 12½ to 1, replaced the Roman ratio of 9 to 1 by Alexander the Great's earlier formula of 12 to 1. And to this ratio the Roman Empire adhered for the long period of twelve hundred and fifty years, or until its overthrow, A.D. 1204.

The European ratio of 15½ to 1 is an inheritance from Spain's compromise ratio of 1775, and has ceased to have any special *raison d'être* at the present day. A return to it is almost as impracticable as a return to the Roman ratio of 12 to 1, or to the Greek of 10 to 1, which would otherwise commend itself to nations having a decimal system of arithmetical and monetary notation.

A TWENTIETH CENTURY RATIO.

Russia's *fin-de-siècle* achievement of the gold

standard by debasing her gold-pieces one-third and Japan's recent decision to debase hers 50 per cent. are measures not particularly well calculated to commend such jugglery with the ratio to sensitive consciences.

To have any chance of general adoption a new bimetallic ratio ought to be one more in harmony with our decimal system of arithmetic than has hitherto prevailed in the Old World or the New. Twenty to one most readily suggests itself as an ideal ratio for the twentieth century to establish between silver and gold. It would find its complement in the equally arbitrary, but reasonable and safe ratio of 5 to 1 as between gold and platinum, which adjustment would establish an equivalence of 100 to 1 as between platinum and silver. Those whose imagination has been impressed in favor of a monometallic gold standard by the superior preciousness of gold will soon be won over to the same innocent faith in the static quality of platinum, and may take comfort, for the remoter future, in the thought that iridium, osmium, rubidium, and quite a galaxy of other exceedingly rare metals will comport a valuation up to one thousandfold as great as gold itself. Meanwhile, and for purposes of our own national credit and prosperity under a restoration of free bimetallic coinage uncomplicated by any serious innova-

tion, the traditional and established American ratio of 16 to 1 is good enough.

I will therefore bring this very dry discussion to a close with a minor project for the reform of one of the choicest humors of "the best monetary system of the world."

LET US AT LEAST HAVE A ROUND MINT RATIO.

Matthew Arnold taught that the style, the personal note, of a great poet can often be felt in a single characteristic verse. *Ex ungue leonem.* It is customary to speak of the American bimetallic ratio as 16 to 1. In reality the actual mint ratio, on which our whole coinage system reposes as on a bed of rock, is the funniest of all its funny features. When the American colonies revolted from the British crown in 1776, Spain had just fixed her bimetallic ratio at the figure of 15½ to 1, which was soon afterward adopted (1785) and ever since retained by France. The weight of silver in a Spanish dollar was accordingly just fifteen and a half times the weight of gold in the ideal dollar of Anglo-American exchange account. By 1786 the unnoticed, because undetected, malpractices of the Spanish crown had altered this ratio, in favor of silver, to about 15¼ to 1, and by 1791 to a rough average of 15 to 1, to which figure the exchange value of the colonial dollar of trans-

oceanic account closely conformed. Spanish silver dollars had become the regular currency of all America, but mercantile accounts were still kept in pounds, shillings, and pence. Under these conditions Alexander Hamilton and the American Congress decided upon a gold dollar of 26¼ old standard grains Troy as a near-enough equivalent of the current Spanish-American silver dollar of 371¼ fine grains. This rough-shod arithmetic made the initial bimetallic ratio of the United States mint not 15, but 14.98 to 1.

ORIGIN OF OUR PRESENT MINT RATIO.

In 1834 Congress made a similar snap-shot at the reënactment of the old Portuguese ratio of 16 to 1 as one calculated, on the one hand, to make the domestic coinage of our own South Carolina gold possible, and, on the other, to drain Europe of its gold as the European ratio of 15½ to 1 had till then drained the United States.

It has lately been asserted that the Jackson Administration and its leading supporters in Congress, of whom Senator Benton was chief, desired, by that revolutionary measure, to pave the way for the establishment of a single gold standard in the United States, as in England. President Jackson himself may have been actuated by the

satisfaction such a temperament as his would take in dealing the financial magnates a staggering body blow under the fifth rib, by supplanting their dear Spanish dollar with a cheaper native one. It was not until 1858 that as much as $1,000,000 worth of silver was mined within the territorial boundaries of the United States. Old Hickory made a point of filling his pockets with the new short-weight yellow boys when on his intersessional travels up and down the countryside, and exultantly notes the popularity of the new currency with the recipients thereof in extant letters. The more academic thinkers of his Administration, such as the writer's grandfather, Samuel D. Ingham, Jackson's first Secretary of the Treasury, undoubtedly favored the ultimate establishment of a cheap gold monometallism in this country, nor was their prognostication far wrong, as the event proved. Their limited opportunities of observation in those days, before Germany, Scandinavia, the United States, and the Latin Union, accepting the lead of Lord Liverpool, embarked all at once upon the disastrous experiment of dear gold monometallism, of which we now perceive the results in the fallen prices of all raw products except the preferred precious metal, may excuse their simple faith in the static qualities which they and the equally innocent monetary legislators of 1873 supposed to be inherent in both monetary

metals. Standing, moreover, on the bare threshold of the nineteenth century's halcyon gold-mining age, they could not at that time foresee how soon and how abundantly the unexampled multiplication of America's own and of the world's gold output, in the early 50s, would flood the mints of all countries courageous enough to allow its continued free coinage at any conservative figure with the yellow metal.

The act of 1834 made the exact United States mint and free coinage ratio between silver and gold 16.02 to 1. It measurably reduced the amount of fine gold in the gold dollar without a corresponding reduction of the number of grains of baser alloy. This oversight made the proportion of said base alloy so nearly one-tenth that it was resolved in 1837 to raise American coin gold to the French standard of 0.900 fine, in place of the old standard of 11-12 fine, to which Great Britain still adheres. No greater scruples seem to have been felt, least of all by President Jackson, as to the morality of a monetary reform which deliberately reduced the quantity of fine gold in the yellow dollar, its nominal and legal-tender value remaining the same as before, than when the baser alloy of United States gold coin, until then facultatively half silver and half copper, was ordered to be composed of copper alone in 1875. The fine-pointed casuistry of these latter days would have

seen an insuperable obstacle even to the latter adjustment in the circumstance that the foreign creditor, at any rate, suffered loss by it to the formidable amount of almost twenty-nine cents' ($0.28785) worth of silver in every hundred gold dollars! But we are just now concerned only with the arithmetic, not with the moral lesson, of the last Congressional regulation of the coining value of the two precious metals. The resultant bimetallic ratio of the United States mint when the old silver dollar of 412½ grains standard, the coinage of which had been suspended during our only five years of theoretically full-fledged gold monometallism, was revived by the Bland-Allison act of 1878, is popularly supposed to create a mint equivalence of one ounce of gold to the pound *avoirdupois* of silver. In reality the precise ratio is 15.9883720930232558l395 to 1! Shades of the metric system! We believe it has been made facultative for commercial dealings between citizens of the United States by an act of Congress.

HOW TO CORRECT THE IRRATIONALITY OF THE PRESENT RATIO.

This troublesome and ridiculous monetary equation cannot be conveniently altered, in any usual manner, without an equally awkward departure from the 258 round grains of standard metal that

go to the making of a gold eagle. The 23.22 fine grains supposed to constitute the gold dollar, which has had no material existence as a mintable coin since the year of disgrace 1873, are already measured in hundredths. How, then, can the present ratio be insensibly adjusted to a round figure? Its alteration, in accordance with a permanent international agreement or from other high considerations of State, to an entirely new figure will entail manifold inconvenience unless a rounder formula than 15.98837209302325581395 to 1 can first be placed at the foundation of our monetary system. Shall the ancestral codfish dollar of our fathers, then, be altered to contain 412.8 grains of standard and 371.52 fine grains of silver? Or shall the 23.22 fine-grain gold dollar of our present idolatry be docked by a corresponding fraction of its yellow substance? The latter procedure would make it necessary to measure the fineness of the individual gold dollar, that invisible putative unit of our national currency, in *millionths of a grain.*† Moreover, such a debasement of the American gold dollar by approximately one-sixtieth of a grain of its fineness would also reduce its value on the London exchange by nearly one-fourteenth (1-13.76) of the present

* Unless, indeed, we give it a mintage weight equal to $\frac{25}{400}$ of the present United States silver dollar, and label dollar and eagle as weighing 400 and 250 "heavy grains" respectively, as advocated above.

gold cent. We should be inviting the payment of public and private debts in what no consistent gold-standard advocate would ever recognize except as 99 13-14-cent dollars! An enterprise of this nature is too repugnant to a scrupulous New England conscience to be entered upon lightly.

A MORE EXCELLENT WAY.

Whereas the most rabid of silverites will surely raise no objection to the attainment of a round-number ratio, to the incidental glorification of his own political fetish, by delicately toning up the legal brassage of the United States silver dollars hereafter to be coined with a vanishing *soupçon* of the alternative precious metal. The present irregularity of that essentially arbitrary but fundamental feature of our monetary system, the bimetallic ratio, can and should, therefore, be most unexceptionably corrected by the injection of 16⅞ thousandths of a Troy grain of fine gold into the copper alloy of every silver dollar, subtraction having, of course, previously been made of an equal weight of the copper itself. In the large practical operations of the mint this minute fraction would offer no technical difficulties. It would be sufficient to substitute 135 grains of gold for as many of copper in each $8,000 worth of standard silver before melting. The cost of the adjustment

would come to about $17 in each issue of 24,000 silver dollars. This modest outlay might very properly be carried by the Government as long as it adheres to the practice of coining irredeemable dollars from the silver which recent conditions of its own creation have enabled it to buy at an enormous discount. The restoration of free bimetallic coinage would, on the other hand, throw the burden of the difference upon the private parties offering silver for coinage under the reëstablished bimetallic par. Or pending its permanent reëstablishment in the bullion market as well as at the mint, the Government could protect itself against loss on exchange by continuing to deliver $8 for every 3,300 grains of standard silver presented for coinage, merely increasing its assayage and brassage charges a matter of 75 or 73 cents ($0.7272) per $1,000.

We may agree to differ on the propriety of the restoration, retention, or reform of certain vital features of the nation's financial fabric. But students and patriots of every shade of economic doctrine and partisan bias can surely agree that a bimetallic coinage ratio of 15.98837209302325 to 1 deserves perpetuation neither as the corner-stone of the American monetary system nor as an incidental monument of American financial and metrological intelligence.

THE END.